

FINAL STATEMENT OF REASONS

Explanation of Tandem Regulation Format and Process for Review

The format of these regulations is shown in tandem for certain regulations that will no longer be operational with statewide implementation of Quarterly Reporting/Prospective Budgeting (QR/PB). Counties will stagger implementation of QR/PB as their automation systems can be programmed to operate under the new QR/PB rules. Therefore, the tandem format is necessary to keep current Monthly Reporting (MR) regulations in place for those counties that are pending QR/PB implementation until all counties are operational statewide. When the term "(MR)" is marked prior to a regulation cite, this designation indicates that the specific regulation or continuing set of regulations will become non-operational with implementation of QR/PB. Those regulations designated as "(QR)" are those that become operational with implementation of QR/PB. Upon statewide implementation of QR/PB, regulations designated at (MR) will become obsolete on the date given in the county's declared implementation letter or no later than July 1, 2004.

We will not rejustify or are we intending to solicit public comment on the MR portion of regulations that are shown as being readopted (as underlined in the QR portion) because they are merely a carryover from existing regulations. They have been subject to a prior public hearing and comment process and are not substantively different than current practice. Therefore, the factual basis for regulations that continue under the current program will read as follows: "This section is necessary to ensure the continuation of current requirements that remain relevant under QR." An example of such a regulation is:

- .12 Section XX-XXX(MR) shall become inoperative and Section XX-XXX(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Additional Requirement for Establishing Certification Periods for Monthly Reporting Households

(QR) Additional Requirements for Establishing Certification Periods for Quarterly Reporting Households

a) Specific Purpose of the Regulations and Factual Basis for Determination that Regulations Are Necessary

Section 63-034

Specific Purpose:

This section is being adopted in Chapter 63-000 as part of the existing implementation schedule for the purpose of documenting the authority for implementation of Quarterly Reporting (QR) in the Food Stamp Program (FSP) and to also clarify the sections impacted by the changes imposed by state statute and federal waivers necessary for QR/PB implementation.

Factual Basis:

This section is necessary because the FSP was directed by Sections 18910, 11265.1, .2 and .3 of Welfare and Institutions Code as amended by Assembly Bill (AB) 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) to implement a QR reporting system to be compatible with the California Work Opportunity and Responsibility to Kids Act (CalWORKs) program and to seek federal waivers where necessary to comply with that directive. Federal waivers were received from the Food and Nutrition Service (FNS) on April 1, 2003. The following federal regulations were waived to provide compliance with QR in Welfare and Institutions Code Sections 18910, 11265.1, .2, and .3:

1. 7 CFR 273.3(b) pertains to residence out of a county. The waiver approval allows the County Welfare Department (CWD) to continue food stamp benefits when the household's CalWORKs case is being transferred out of county. Discontinuance of the food stamp case will now occur at the same time the CalWORKs discontinuance occurs at the end of a 60-day transfer period. Prior to this waiver, the food stamp case was required to be discontinued immediately upon an address change to a different county of residence.
2. 7 CFR 273.10(c)(2)(1) pertains to using the same income conversion factors as used in the CalWORKs program. Conversion factors translate weekly and bi-weekly income to a monthly figure. The State requested a waiver, but was instructed by FNS that the authority to use its CalWORKs conversion factors in the FSP is a state option. Therefore, the FSP is adopting conversion factors used by the CalWORKs program of 2.167 for bi-weekly income and 4.33 for weekly income. These conversion factors promote compatibility between the CalWORKs and FSPs and also simplifies automation programming for both programs.

3. 7 CFR 273.10(c)(3) pertains to averaging income over the food stamp certification period for fluctuations in income. The federal waiver of this section provides the State with the authority to average income over the three-month QR Payment Quarter. Under QR, income can now be "reasonably anticipated" as provided in 7 CFR 273.10(c) and projected over the next quarter based on information obtained on the QR 7.
4. 7 CFR 273.10(d)(3) pertains to averaging expenses. Households may currently elect to have fluctuating expenses averaged and may also elect to have expenses, which are billed less often than monthly, averaged forward over the interval between scheduled billings. The federal waiver provided the authority to average expenses over the quarter, except for shelter expenses. Shelter expenses under QR, will be established at application and recertification and will be frozen until the recipient reports a change.
5. 7 CFR 273.10(d)(4) pertains to anticipating expenses from certification period to recertification period based on the most recent month's bills, unless the household is reasonably certain a change will occur. The federal waiver provides states with the authority to anticipate expenses over the quarter, except when the recipient elects actual expenses above the standard utility amount (flat amount allowed as a deduction from income). If actual expenses are elected, those expenses must continue to be averaged over the certification period, which is generally 12 consecutive months.
6. 7 CFR 273.10(f)(4) pertains to ending certification periods. Current regulations do not allow state agencies to end a certification period earlier than its assigned termination date, unless the agency receives information that the household had not complied with requirements of the program. This section was waived to allow synchronization at initial conversion from MR to QR between the CalWORKs redetermination period, the FSP certification period and the QR reporting cycle.
7. 7 CFR 273.12(f)(1) currently specifies that public assistance (PA) households, those food stamp households that receive a public assistance grant such as CalWORKs, that report a change in circumstances to their CalWORKs worker must be considered to have reported the change for food stamp purposes. Under QR, the federal waiver gives the state authority to act only on certain mid-quarter reports [refer to Manual and Policy Procedures (MPP) Sections 63-509(b) and (c)] made by the recipient to their CalWORKs worker as follows: (1) the CalWORKs income threshold for family size, drug/fleeing felons, (2) changes that would increase benefits during the quarter, (3) a request by the recipient for discontinuance of benefits and (4) information that is "known to the county" [refer to MPP Section 63-509(h)(3)], such as Social Security benefit increases, CalWORKs grant changes, etc. In the FSP, the recipient is required to report address changes and hours of work for Able Bodied Adults Without Dependents (ABAWDs).

8. 7 CFR 273.12(c)(2)(i) and (ii) currently requires the CWD to act on all changes reported for both increases and decreases in benefits. The federal waiver of this section provided the state with the authority to act only on voluntarily reported information during the quarter that increases benefits. It also provides for increases to be made no later than by the 10th day following the receipt of verification, which differs from current rules that require the change to be made no later than by the 10th day of the following month.
9. 7 CFR 273.18(c) pertains to calculating the amount of claims or overissuances in a timely and accurate reporting and in accordance with 10-day recipient noticing requirements. Waiver of this section provided authority for the program to assign overissuances only when the requirements of the QR system are not met or due to an administrative error. For example: With MR, an overissuance (O/I) would be assigned any time the household failed to report receipt of income. In QR, an O/I would not be assigned for income changes that are not required to be reported.
10. 7 CFR 273.18(d) pertains to recoupment of overissuances. Waiver of this section allows overissuances to be computed using prospective budgeting and anticipated income rules and to provide that collection of an overissuance begin only at the beginning of a quarter to be compatible with the CalWORKs program.
11. 7 CFR 273.21(k) pertains to providing the household an opportunity to participate in the FSP if a completed income report is received after the extended filing date; the first day of the next month in the MR system. It also provides states with an option to suspend benefits for the next 30 days or take a new application. California opted for taking a new application if the report form is received after the extended filing date. Waiver of this section provides the authority for the state to offer the household a claim of "good cause" for late reporting. Under QR, if "good cause" (refer to MPP Section 63-508.64) is established, the household would not be required to file a new application. Benefits would be continued for a "good cause" determination.

Section 63-102(c)(11)

Specific Purpose:

This section is adopted to include a definition of "Change Reporting Households." The definition sets apart change reporting households from QR households for clarification purposes, and also because the term "nonmonthly reporting households," which currently refers to households exempt from MR, is no longer a relevant term in QR. The term "nonmonthly reporting households" is being replaced with the term "change reporting households."

Factual Basis:

The term “change reporting households” is a relevant term in QR. The term “nonmonthly reporting households” also refers to a household that is QR and therefore, no longer specific enough to define households exempt from QR. The adoption represents only a change in terms used to refer to the type of household. The composition of the household does not change under QR.

Section 63-102(c)(12)

Specific Purpose:

This section is adopted to include a new QR definition of “Conversion Factor.” The definition states that weekly and bi-weekly income is averaged to a monthly figure by using multipliers of 4.33 for income paid weekly and by 2.167 for income received bi-weekly. This change is necessary to align these factors with the CalWORKs program and to simplify programming of county automation systems.

Factual Basis:

This adoption is necessary to change the current income conversion factors from 2.16 to 2.167 for bi-weekly income and from 4.3 to 4.33 for weekly income. These factors are used to convert income to an averaged monthly income amount. Requirements at 7 CFR 273.10(c)(2) gives states authority to use conversion factors from other public assistance programs.

Section 63-102(c)(13)

Specific Purpose:

This section is adopted to include a new QR definition of “County Initiated Mid-Quarter Actions.” The definition clarifies that change in eligibility status is based on case information that the CWD is required to act on during the quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.2 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) allows CWDs to act on certain changes during the quarter that are required under existing regulations and that were not amended through state law or federal waiver. There are certain requirements in both the CalWORKs and FSP that were not waived, but still need to be acted on in mid-quarter such as the imposition of sanctions, or approval of benefits for an existing household member who has moved to another household. When events such as these occur, the county is required to take an action, which generally will decrease benefits mid-quarter.

Final Modification:

As a result of public comment, the term “duplication” has been changed to “approval,” which is a more appropriate word to indicate that only an approval of benefits in another household would require a mid-quarter county-initiated action. If benefits were duplicated, an over-issuance would have occurred. The phrase “known to county information like electronic wage matches,” and “changes in public assistance grants” are repealed because a mid-quarter county-initiated change may not result from either the wage match information of a change in the public assistance grant.

Sections 63-102(c)(14) and (15) (Renumbered)

Specific Purpose/Factual Basis:

These sections are being renumbered for consistency.

Section 63-102(e)(5)

Specific Purpose:

This section is amended to include the current definition of "Extended Filing Date" for QR. This language remains unchanged from existing current (MR) language except to now apply it for QR purposes.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR. The provisions in existing MR regulations instruct the CWDs to rescind discontinuance of the food stamp case when the monthly income report is received on the extended filing date, which is the first day of the month following its due date. This procedure does not change with QR. In QR, discontinuance of a case will continue to be rescinded when the quarterly report is received on the extended filing date.

Section 63-102(e)(6) (Renumbered)

Specific Purpose/Factual Basis:

This section is being renumbered for consistency.

Section 63-102(i)(6)

Specific Purpose:

This section is adopted to include a new QR definition of "Income Reporting Threshold (IRT)" and clarifies that it is a level of income that triggers the need for a CalWORKs Assistance Unit (AU) to make a mandatory mid-quarter report of a change in income.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(c) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 692 (Chapter 1024, Statutes of 2002), states that IRT means the level of income at which the recipient must report an income change. It is a mandatory reporting requirement for CalWORKs recipients during the quarter and also triggers a review of the food stamp case. The IRT is an amount determined by the California Department of Social Services (CDSS) that is likely to render the CalWORKs household ineligible.

Sections 63-102(i)(7) through (9)

Specific Purpose/Factual Basis:

These sections are being renumbered for consistency.

Section 63-102(i)(10)

Specific Purpose:

This section is adopted to include a new QR definition of "Issuance Month" and states that it is any month in a quarter in which a benefit is paid. The definition remains in regulation to make clear that issuance month under QR is different from the previous definition under MR. In MR, which is retrospectively budgeted, it means the second month after the budget month. In QR, it simply means any month in which a benefit is paid.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) clarifies that, under QR, issuance month means a month in which a benefit is paid. If the quarter is January, February, and March, the CWDs will refer to a specific month in the quarter as a January issuance month, etc., and most often when an overissuance of benefits is computed. But, more specifically, the term is left in regulation because in MR it had a significantly different meaning than it does in QR and the distinction needs to be made.

Sections 63-102(i)(11) and (12)

Specific Purpose/Factual Basis:

These sections are being renumbered for consistency.

Section 63-102(m)(7)

Specific Purpose:

This section is adopted to include a new QR definition of "Mid-Quarter" and states that it means any change reported during the QR Payment Quarter that is outside the requirements for reporting on the quarterly reporting form. There are two types of mid-quarter reports: (1) a mandatory report, which is required to be reported; (2) a voluntary report, which is not required to be reported. Mandatory reports usually result in decreased benefits mid-quarter; but, voluntary reports can only result in increased benefits mid-quarter. A CWD cannot decrease benefits based on voluntary reports made by the household. Benefits must only be increased when a voluntary report is received.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002), specifies reporting requirements for the quarterly report form (QR 7), and for mid-quarter recipient mandatory and voluntary reports. A mid-quarter report refers to recipient mandatory and voluntary reports made within a particular quarter, but outside the QR 7 process.

Sections 63-102(m)(8) through (10) (Renumbered)

Specific Purpose/Factual Basis:

These sections are renumbered for consistency.

Section 63-102(q)(1)

Specific Purpose:

This section is adopted to include a new QR definition of "QR Implementation Month" and states that it means the month in which all of a CWD's cases are converted to QR subject to the Director's Declaration.

Factual Basis:

Section 70 of AB 444 (Chapter 1022, Statutes of 2002) specifies that QR becomes operative in a county only by Director's Declaration and approval of FSP waivers. The Director of the CDSS has issued a schedule of county implementation dates for which counties must comply. Federal waivers were received from the Food and Nutrition Service (FNS) as required by this Welfare and Institutions Code Section to provide for QR implementation in the FSP.

Section 63-102(q)(2)

Specific Purpose:

This section is adopted to include a new QR definition of "QR Data Month" and states that it means the second month of the quarter for which the recipient reports all information necessary to determine eligibility for the next QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002), specifies reporting requirements for the quarterly report form (QR 7). The first month of the quarter is referred to as the beginning or first month; the second month as the Data Month; and, the third as the Submit Month.

Section 63-102(q)(3)

Specific Purpose:

This section is adopted to include a definition of "QR/PB," which means Quarterly Reporting/Prospective Budgeting and is also generally known as "QR".

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) authorized implementation of QR/PB, also known as QR. The term "Quarterly Reporting/Prospective Budgeting" is shortened to QR for shorthand purposes and administrative simplification.

Section 63-102(q)(4)

Specific Purpose:

This section is adopted to include a new QR definition of "QR Payment Quarter" and states that it means the future quarter following the submit month in which benefits are paid/issued.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002), which specifies reporting requirements for the quarterly report form (QR 7). The "QR Payment Quarter" refers to the three consecutive months following the month the recipient sends in their QR 7 (submit month).

Section 63-102(q)(5)

Specific Purpose:

This section is adopted to include a new QR definition of "QR Submit Month" and states that it means the month in which the QR 7 is required to be submitted to the CWD by the recipient, and which is the third month in the QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002), specifies reporting requirements for the quarterly report form (QR 7). The "QR Submit Month" refers to the third month in the QR Payment Quarter and is the month in which the recipient must send in their QR 7 by the 11th day of the submit month to be considered a timely report.

Section 63-102(r)(1)

Specific Purpose:

This section is adopted to include a new QR definition of "Reasonably Anticipated Income and Expenses" and states that it means income that is expected to be received on a certain date and the amount is known.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(a), (b), (c), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002), specifies reporting requirements for the quarterly report form (QR 7). Anticipated income is income that can be expected to be received and the time of receipt and the date of receipt are known. Income that cannot be reasonably anticipated to occur is not used to compute benefits for the next QR Payment Quarter.

Sections 63-102(r)(2) through (12) (Renumbered)

Specific Purpose/Factual Basis:

These sections are numbered for consistency.

Post-Hearing Modification

Section 63-102(t)(2)(QR)

Specific Purpose:

At the Department's discretion, a definition of "third-party information" is added for clarity to distinguish it from "known-to-county" information. The remainder of this section is renumbered for consistency.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(d)(2) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specifies that counties shall act upon changes in income reported during the QR period that result in an increase in benefits. Therefore, if an anonymous third-party reports any occurrence that would result in a household's benefits being decreased, the CWD shall not decrease benefits mid-quarter.

Also, Sections 63-102(t)(2) through (t)(5) are renumbered to Sections 63-102(t)(3) through (t)(6), respectively.

Final Modification:

As a result of 15-day renote testimony, it was noted that the term "anonymous source" is too limiting in its meaning since it implies that if a person knows the name of the third-party, it is not a third party report. Therefore, "outside source" is correct terminology to describe a third-party report. The definition reads: "Third-Party information means information that is not known to the county, and is a report from an outside source about a household's circumstances." This is not a substantive change.

Section 63-103.2d.(4)

Specific Purpose:

This section is amended to include the QR form entitled "DFA 285-A3 QR." This form is used to advise QR food stamp recipients of their rights and responsibilities, and replaces the MR form entitled DFA 285-A3.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

As a result of public testimony, in the second sentence, the phrase “QR food stamp applicants” is deleted and replaced with “households applying only for food stamp benefits.” This amendment was necessary since the form DFA 285-A3 is used to take applications for households applying only for food stamp benefits. It is not a combined public assistance/food stamp application form.

As a result of 15-day renote testimony, it was noted that the explanation regarding the use of the QR 7 is not just to report income for the Data Month in each QR Payment Quarter. The QR 7 also collects all other changes since the last Data Month. To clarify and broaden the definition regarding the usage of the form, the wording will be amended to read: “This form is used by the household to report income for the Data Month, changes since the last Data Month and expected changes over the next three months.” This definition is changed for clarity and is not a substantive change.

Section 63-103.2d.(17)

Specific Purpose:

This section is amended to include the QR form entitled "DFA 377.4 QR." This form is used to inform change reporting households of changes and termination of benefits, and replaces the MR form entitled DFA 377.4.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

At the Department’s discretion, this section is amended to designate the form, DFA 377.4 QR, as a required form, substitutes permitted. Prior to this change it was designated as “no substitutes permitted.” This is a form that does not require prior approval from the state before a county makes a local change to the form. The form was incorrectly designated and is now corrected.

Post-Hearing Modification:

Section 63-103.2d.(18)

Specific Purpose:

At the Department's discretion, this section is adopted to include the form DFA 377.5 QR which was misplaced under Section 63-103q.(12). This form is used to report information on changes in household circumstances by households not subject to QR requirements.

Factual Basis:

This adoption is necessary to ensure the continuation of current requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003). This form remains relevant to change reporting households.

Section 63-103.2f.(14)

Specific Purpose:

This section is adopted to include the QR form entitled "FS 22 QR" relating to applying for food stamp benefits.

Factual Basis:

This section is necessary to clarify the change to QR for most food stamp households, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

At the Department's discretion this section is amended to include the correct revision date for the FS 22 QR.

Section 63-103.2f.(15)

Specific Purpose:

This section is adopted to include the QR form entitled "FS 23 QR." This form relates to reporting household changes on the QR 7, mandatory mid-quarter reports, and voluntary mid-quarter reports.

Factual Basis:

This section is necessary to clarify QR reporting requirements for food stamp recipient households, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2n.(1)

Specific Purpose:

This section is amended to include the QR form entitled "NA 960X QR." This form is used to notify QR households that a QR 7 has not been received, and benefits could be affected as a result. This form replaces the MR form entitled NA 960X.

Factual Basis:

This amendment is necessary to ensure the continuation of current notification requirements that remain relevant under QR, and to comply with Sections 11265.1 .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2n.(2)

Specific Purpose:

This section is amended to include the QR form entitled "NA 960Y QR." This form is used to notify QR households that a QR 7 is incomplete, and benefits could be affected as a result. This form replaces the MR form entitled NA 960Y.

Factual Basis:

This amendment is necessary to ensure the continuation of current notification requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(2)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 2." This form is used to inform the recipient of their Income Reporting Threshold and reporting responsibilities.

Factual Basis:

This section is necessary to clarify QR reporting requirements for food stamp recipient households, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(3)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 3." This form may be used by benefit recipients to report mandatory and voluntary mid-quarter changes.

Factual Basis:

This section is necessary to ensure the proper submission of QR household changes, and to comply with Sections 11265.1 .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

As a result of public comment, the phrase "clients who" is replaced with the phrase "and Food Stamp Program households that" for purposes of clarification. The term "clients" is not used in the FSP where the term "households" is the accepted term for a group of individuals eating together as a unit.

Section 63-103.2q.(4)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 7." This form is used by benefit recipients to report income for the Data Month in each QR Payment Quarter.

Factual Basis:

This adoption is necessary to ensure the continuation of income and eligibility reporting requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

As a result of 15-day renote testimony, it was noted that the explanation regarding the use of the QR 7 is not just to report income for the Data Month in each QR Payment Quarter. The QR 7 also collects all other changes since the last Data Month. To clarify and broaden the definition regarding the usage of the form, the working will be modified to read: "This form is used by the household to report income for the Data Month, changes since the last Data Month and expected changes over the next three months." This definition is changed for clarity and is not a substantive change.

Section 63-103.2q.(5)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 7A." This form is used to instruct recipients on how to fill out the QR 7.

Factual Basis:

This section is necessary to ensure the continuation of notification requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(6)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 22." This form is used to collect necessary information about a noncitizen's sponsor.

Factual Basis:

This adoption is necessary to ensure the continuation of reporting requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(7)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 72." This form is sent to sponsored noncitizens with the QR 7 each quarter.

Factual Basis:

This section is necessary to ensure the continuation of reporting requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(8)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 285-B." This worksheet is used to determine food stamp benefit amounts for households subject to quarterly reporting, change reporting, and for mid-quarter changes.

Factual Basis:

This section is necessary to ensure the continuation of income and eligibility reporting requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(9)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 377.1." This form is used to inform households of their approval for food stamp benefits and certification period.

Factual Basis:

This section is necessary to ensure the continuation of notification requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(10)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 377.2." This form is used to inform change reporting households that their certification period will expire.

Factual Basis:

This section is necessary to ensure the continuation of notification requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

At the Department's discretion, a phrase is added for clarification to indicate that the QR 377.2 is a recommended form. The designation is corrected because the form must be used by the CWDs, but it is not necessary for the counties to seek prior approval from the state to make modifications to the form at the local county level. Rather than the sentence reading "The QR 377.2 is used to inform...", it now reads "The QR 377.2 is a CDSS-required form but substitutes are permitted. This form is..."

Section 63-103.2q.(11)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 377.4." This form is used to inform QR households of changes, suspensions, and terminations of benefits.

Factual Basis:

This section is necessary to ensure the continuation of notification requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

As a result of public comment, the designation of this form, QR 377.4, is changed from "required form, no substitutes permitted" to a "required form, but substitutes permitted." The designation is corrected because the form must be used by the CWDs, but it is not necessary for the counties to seek prior approval from the state for modifications to the form.

This section is amended for clarity and to repeal the word "suspensions" from the definition of the form. Suspensions of benefits are no longer applicable in QR.

Section 63-103.2q.(12)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 377.5." This form is used to report information on changes in household circumstances by households not subject to QR.

Factual Basis:

This section is necessary to ensure the continuation of income and eligibility reporting requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

As a result of public comment, this section is amended to change the designation of the form from DFA 377.5 QR to QR 377.5. The DFA 377.5 was inadvertently placed in this section and the QR 377.5 omitted. The Specific Purpose is revised to read: "The QR 377.5 is a recommended form and is used to report mandatory and voluntary mid-quarter changes in a QR household." Also, the DFA 377.5 was renumbered to Section 63-103d.(18).

Section 63-103.2s.(2)

Specific Purpose:

This section is amended to include the QR form entitled "SAWS 2A QR." This form is used to inform applicants for cash aid, food stamps, and medical assistance of information including their rights and responsibilities.

Factual Basis:

This amendment is necessary to ensure the continuation of notification requirements that remain relevant under QR, and to comply with Sections 11265.1 .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 63-103.2t.(1)

Specific Purpose:

This section is adopted to include the QR form entitled "TEMP QR 1." This form notifies recipients of the change from monthly reporting to QR.

Factual Basis:

This section is necessary to ensure that notification requirements are met relevant to implementation of QR, and to comply with Sections 11265 and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-300.2

Specific Purpose:

This section is amended to replace the references to MR forms relating to applying for benefits with applicable QR forms.

Factual Basis:

This amendment is necessary to ensure the continuation of current application requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-300.24

Specific Purpose:

This section is amended to replace the references to forms for MR certification periods with the applicable forms for QR certification periods.

Factual Basis:

This amendment is necessary to identify the applicable forms used to redetermine certification periods in QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

As a result of 15-day renote testimony, it was noted that the usage of the term "Submit Month" was incorrect and should have been "Data Month." CDSS wanted to convey that at recertification, the QR 7 for the Date Month corresponding to the last month of the certification period, is to be used to aid in the determination of eligibility. Therefore, more appropriate wording for the section is: "Households subject to food stamp QR requirements shall have their food stamp eligibility redetermined by using the forms specified in Section 63-300.2 and the QR 7 for the Data Month of the quarter corresponding to the last month of the certification period." This is a clarification only and does not represent a substantive change.

Section 63-300.25

Specific Purpose:

This section is being amended to replace the term "Nonmonthly Reporting Households" with "Change Reporting Households."

Factual Basis:

This amendment is necessary to correct a term that will become obsolete with the implementation of QR in the FSP. "Nonmonthly Reporting" will become an old term that is currently used in regulations to describe a change reporting system. The term "nonmonthly" remains relevant in regulations where MR and change reporting (nonmonthly reporting) were the only two reporting systems discussed in regulations. Since QR, the term "nonmonthly" becomes confusing where regulations now discuss QR and change reporting, which are both nonmonthly reporting systems.

Sections 63-300.41 through .414

Specific Purpose:

These sections amend and replace all references to MR forms and notification requirements with QR forms and notification requirements. These notification requirements relate to initial certification interviews and recertification interviews.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR.

Section 63-300.5(d)

Specific Purpose:

This section is amended to replace the references to MR verification timeliness standards in MPP Section 63-504.35 with QR timeliness standards in MPP Section 63-508.66 and Change reporting timeliness standards in MPP Section 63-504.42.

Factual Basis:

This amendment is necessary to ensure the continuation of current timeliness standards that remain relevant under QR. A technical change for QR is the addition of a reference to timeliness standards in the new QR regulation section 63-508.

Section 63-300.623

Specific Purpose:

This section is amended to replace the references to receipt and verification of MR documents with the receipt and verification of QR documents.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR.

Section 63-301.544(a)

Specific Purpose:

This section is amended to replace the term "Nonmonthly Reporting" with "Change Reporting."

Factual Basis:

This amendment is necessary to correct a term that will become obsolete with the implementation of QR in the FSP. "Nonmonthly Reporting" will become an old term that is currently used in regulations to describe a change reporting system. The term "nonmonthly" remains relevant in regulations where MR and change reporting (nonmonthly reporting) were the only two reporting systems discussed in regulations. Since QR, the term "nonmonthly" becomes confusing where regulations now discuss QR and change reporting, which are both nonmonthly reporting systems.

Sections 63-301.544(b)(1) and (b)(2)

Specific Purpose:

These sections are being amended for QR and changes are nonsubstantive. The sections are repeated and amended to replace MR with QR.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements for expediting food stamp services that remain relevant under QR.

Section 63-301.71

Specific Purpose:

This section is amended to replace the references to retrospective budgeting with quarterly reporting.

Factual Basis:

This amendment is necessary to ensure the continuation of current criteria for categorical eligibility that remain relevant under QR.

Section 63-301.742

Specific Purpose:

This section is amended to replace references to monthly reporting requirements specified in MPP Sections 63-504.32 and 63-505.2, .3, and 4 with quarterly reporting requirements in MPP Sections 63-508.613 and .74.

Factual Basis:

This amendment is necessary to ensure the continuation of current criteria for categorical eligibility that remain relevant under QR. References are added to new QR sections in regulations that repeat existing rules regarding noncompliance with reporting requirements.

Section 63-410.211(a)(1)

Specific Purpose:

This section is adopted to specify that an ABAWD must report within 10 days when hours of work drop to below 20 hours per week. This requirement does not apply to ABAWDs who are exempt, live in a county with an ABAWD waiver, or who are satisfying the ABAWD requirement through a combination of education/training and employment of less than 20 hours per week.

Factual Basis:

This amendment is needed to comply with Section 7, items 5 and 14 of Federal Waiver #2030030 issued April 1, 2003 by the United States Department of Agriculture (USDA), FNS. FNS denies waiver of ABAWD reporting regulations at 7 CFR 273.12(a)(1)(viii) and 7 CFR 273.24(b)(7). These regulations specify that an ABAWD must report a reduction of work hours to less than 20 hours per week, averaged monthly, within 10 days of the change in hours.

Post-Hearing Modification

Sections 63-410.37 and .371

Specific Purpose:

At the Department's discretion, these sections are adopted to add a title and specify that when an ABAWD's exemption stops mid-quarter due to a change in circumstances that is subject to food stamp reporting requirements, the ABAWD shall be considered exempt for the remainder of the quarter.

Factual Basis:

These sections are necessary to conform to Food and Nutrition Service (FNS) correspondence issued to CDSS on December 3, 2004. FNS allows the exemption to extend to the end of the quarter.

Post-Hearing Modification

Sections 63-410.372 and .373

Specific Purpose:

At the Department's discretion, these sections are adopted to clarify that for change reporting households, if the ABAWD is no longer eligible for an exemption due to a change that must be reported, the individual shall report the change within 10 days of occurrence and the exemption shall stop when the change is reported. The regulation states that for an individual who no longer meets ABAWD exemption criteria as the result of a change not subject to QR or change reporting requirements, the individual's exemption status shall be reevaluated at recertification.

Factual Basis:

These sections are necessary strictly for clarity and are consistent with work registration exemption requirements at 7 CFR 273.7(b)(2)(ii) and state regulations at Section 63-407.222. These sections conform to FNS policy issued to CDSS on December 3, 2004.

Post-Hearing Modification

Sections 63-410.6 and .61

Specific Purpose:

At the Department's discretion, these sections are adopted to add a title and specify that time limits established for ABAWDs still apply under the QR system. A county-initiated action shall be taken to discontinue food stamps when ABAWD time limits, including the three out of 36-month limit is exhausted. Also, the reference to Section 63-407.52 is corrected to read Section 63-410.52.

Factual Basis:

These sections are necessary to comply with federal waivers issued April 1, 2003 from FNS. FNS denied California's proposal that ABAWDs be incorporated into the QR system for changes in ABAWD status that would effect food stamp eligibility. Denial of this request is based on federal regulations at 7 CFR 272.3(c)(2)(i), which prohibits waivers that are inconsistent with the Food Stamp Act. FNS reaffirmed this in correspondence to CDSS dated November 4, 2004.

Section 63-501.3(m)(2)

Specific Purpose:

This section is being amended for QR and is a nonsubstantive change. This section is repeated and amended to replace MR with QR.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR.

Sections 63-503.14 through .141

Specific Purpose:

These sections are being amended to make it specific to change reporting households in the FSP as opposed to QR households. Current rules are kept for change reporting households, and are modified for QR households. The QR section requires more instruction to explain that a new application is not required if a household is determined eligible within 30 days of the application denial.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant under change reporting in QR. The adoption of the QR section is necessary to comply with QR rules in general and Sections 11265.1(a), (c), and 18910, as amended by AB 444 (Chapter 1022, Statutes of 2002), to use a current application in the QR system when a household is determined eligible within 30 days of an application denial.

Sections 63-503.15 through .151

Specific Purpose:

This section is being amended to make it specific to change reporting households in the FSP as opposed to QR households. Current rules are kept for change reporting households, and modified for QR households. The QR section is being adopted to specifically clarify how QR households will be treated when changes are reported and anticipated over the QR Payment Quarter and how income is treated when averaged over a specific period of time as specified in MPP Sections 63-504.242(c), .252 and .411(b).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting households in the FSP. Adoption of the new QR section is necessary to comply with the provisions of Welfare and Institutions Code Sections 11265.2(a), (b), (c), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002). For QR, more specific instruction for CWDs is needed to clarify how to average income over the QR Payment Quarter and how to handle income that has been averaged over a specified period of time as discussed in MPP Sections 63-504.242(c), .252 and .411(b). For example: if a teacher's salary is paid in eight months, but is expected to cover a full year, that income is divided by 12 to arrive at an average monthly figure. That figure is equivalent to monthly income for each month in the QR Payment Quarter (also the same amount when averaged over the quarter).

Final Modification:

As a result of testimony, Section 63-503.151 is amended for clarification purposes. The word "estimated" is repealed because it is not a term used in the QR system. The phrase "from month to month" is repealed from the sentence because it is an erroneous phrase in the QR system. Also, in the same sentence the phrase, "or those changes anticipated at the time of certification unless," is repealed for clarity. The phrase is not pertinent to the QR system. The next sentence will now read: "The averaging techniques in Sections 63-509(a)(4), (a)(5) and (a)(6) are used to determine income in a quarter." This phrase is added for clarity. The last two sentences of Section 63-503.151(QR) are being deleted because they are redundant and repeated from Section 63-503.15. The last sentence is deleted because it repeats what is referenced in Section 63-504.1 as listed in the last sentence of Section 63-503.15(QR).

Sections 63-503.24 and .242(b) and (b)(1)

Specific Purpose:

These sections are necessary to change current conversion factors from 2.16 for bi-weekly income to 2.167 and from 4.3 for weekly income to 4.33. These conversion factors are used to arrive at a monthly amount for income paid on a bi-weekly or weekly basis. This change is necessary to align these factors with the CalWORKs program and to simplify programming of county automation systems.

Factual Basis:

This amendment is necessary to change the current income conversion factors from 2.16 to 2.167 for bi-weekly income and from 4.3 to .433 for weekly income. These factors are used to convert income to an averaged monthly income amount. Requirements at 7 CFR 273.10(c)(2) gives states authority to use CalWORKs conversion factors. The change is necessary for program compatibility purposes and to simplify programming of county automated systems for both programs.

Final Modification:

As a result of testimony, Section 63-503.242(b)(1)(QR) is amended for clarity to differentiate between change and QR households when determining income received on a weekly and bi-weekly basis. The instruction for change reporting households was inadvertently omitted from the new QR regulation section. The new QR section now reads as follows: "Income reasonably anticipated during the certification period shall be counted as income only in the month it is expected to be received, unless the income is averaged. The CWD shall use the exact monthly figure if it can be reasonably anticipated. For change reporting households, whenever a full month's income is anticipated but is received on a weekly or bi-weekly basis, the CWD shall convert the income to a monthly amount by multiplying weekly amounts by 4.33 and 2.167 if the exact amount is not known. For QR households, whenever a full month's income is anticipated but is received on a weekly or bi-weekly basis and will remain the same throughout the QR Payment Quarter, the CWD shall convert the income to a monthly amount by multiplying weekly amounts by 4.33 and bi-weekly amounts by 2.167 as provided in Section 63-509(a)(5)."

Section 63-503.25

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law and to also amend the section for QR to refer to new sections in the regulations that explain treatment of deductions for households subject to QR.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(a), (b), (c), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002), provide the basis for anticipating income over a QR Payment Quarter. Inherent in the FSP in determining net income is the computation of deductions from gross income. Welfare and Institutions Code Section 18910 stipulates that the FSP must conform to QR and seek necessary waivers to accomplish compatibility. This section continues the computation of FSP allowable deductions to computations of income and deductions under QR.

Section 63-503.253

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law and to continue the section for change reporting households. Current regulations refer to "nonmonthly reporting households", which is no longer a relevant phrase when QR households are also nonmonthly reporting households. Therefore, it is necessary to change the term "non-monthly reporting households" to "change reporting households."

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting households in the FSP.

Section 63-503.254

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law. This section is being amended to clarify that the expenses listed under this section are also not allowable in QR households.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting and QR households regarding allowance of expenses in QR.

Section 63-503.255

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law. It is a nonsubstantive change of the term "nonmonthly reporting households," to "change reporting households."

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting households regarding expense conversion procedures.

Section 63-503.311

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law for change reporting households. An additional amendment is necessary to clarify that the steps listed in this section for determining net monthly income must be followed after income is averaged over the QR Payment Quarter as specified in MPP Section 63-509.14, Income and Benefit Calculation for QR Households.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) provides authority to average income over the QR Payment Quarter and specifies that CWDs must redetermine recipient eligibility and grant amounts on a quarterly basis. Income deductions are made from gross averaged income over the QR Payment Quarter.

Section 63-503.312

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change reporting households. An additional amendment is necessary to clarify that the steps listed in this section for determining net monthly income must be followed after income is averaged over the QR Payment Quarter as specified in MPP Section 63-509.14, Income and Benefit Calculation for QR Households.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) provides authority to average income over the QR Payment Quarter and specifies that CWDs must redetermine recipient eligibility and grant amounts on a quarterly basis.

Section 63-503.321(a)

Specific Purpose:

This section is amended and is necessary to make specific how the application of the gross and net monthly income eligibility standards are to be applied under QR. In MR, the gross and net monthly income eligibility standards are applied each month to reported income. In QR, the gross and net monthly income eligibility standards will be applied after income is averaged over the QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1 (a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively. Inherent in prospective budgeting is the rule for averaging income. Welfare and Institutions Code Section 11265.3(c)(1) as amended by AB 1402 (Chapter 398, Statutes of 2003) discusses how income is determined during the QR Payment Quarter. Income is averaged over the QR Payment Quarter using reasonably anticipated income which is then used to determine if the household exceeds the gross and net income maximum amounts for eligibility purposes.

Sections 63-503.322(a), (a)(1) and (a)(2)

Specific Purpose:

This section is amended to make it specific to QR and to clarify that the gross and net monthly income tests are applied to income averaged over the QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1 (a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively. Inherent in prospective budgeting is the rule for averaging income. Welfare and Institutions Code Section 11265.3(c)(1) as amended by AB 1402 (Chapter 398, Statutes of 2003) discusses how income is determined for the QR Payment Quarter. Income is averaged over the QR Payment Quarter using reasonably anticipated income which is then used to determine if the household exceeds the gross and net income maximum amounts for household size. Welfare and Institutions Code Section 11265.3(a)(1) as amended by AB 1402 states that the IRT is 130% of the Federal Poverty Level.

Section 63-503.324

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law. The section refers to change reporting and QR households' monthly allotments being determined from Coupon Allotment Tables on the basis of household size and net income.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting households regarding food stamp coupon allotment tables.

Section 63-503.325

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law. The section refers to initial eligibility for one- and two-person households being eligible for a minimum of a \$10 allotment and all other households in accordance with coupon allotment tables for both change reporting and QR households.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting and QR households regarding initial month issuance of coupons for one- and two-person households.

Section 63-503.326

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law for change reporting households. The section also clarifies that QR households must be determined eligible by calculation of quarterly benefits.

Factual Basis:

The amendment for change reporting households is necessary to ensure the continuation of current requirements that remain relevant to change reporting households. The term "nonmonthly households" is changed to "change reporting households". Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively. Inherent in prospective budgeting is averaging of income rules. Welfare and Institutions Code Section 11265.3(c)(1) as amended by AB 1402 (Chapter 398, Statutes of 2003) discusses how income is determined for the QR Payment Quarter. Income is averaged over the QR Payment Quarter using reasonably anticipated income which is then used to determine if the household exceeds the gross and net income maximum amounts for eligibility purposes. Welfare and Institutions Code Section 11265.3(a)(1) as amended by AB 1402 states that the IRT is 130% of the Federal Poverty Level.

Sections 63-503.327(a) through (b)(2)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by law for change reporting households. This section clarifies that for QR households, the application is denied when averaged income over the quarter makes the household ineligible.

Factual Basis:

Welfare and Institutions Code Sections 11265.1 (a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively. Welfare and Institutions Code Section 11265.3(c)(1) as amended by AB 1402 (Chapter 398, Statutes of 2003) discusses how income is determined for the QR Payment Quarter. Income is averaged over the QR Payment Quarter using reasonably anticipated income which is then used to

determine if the household exceeds the gross and net income maximum amounts for eligibility purposes.

Final Modification:

As a result of testimony, Section 63-503.327(b)(3) is repealed since a denial of the application in this circumstance is not correct in QR. A denial is not rescinded, unless, within 30 days of the denial, circumstances would render the household eligible as stated in Section 63-503.327(b)(2).

Section 63-503.328

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change reporting and QR households. The section refers to the household's entitlement to a different income eligibility test when the household's eligibility, benefit level or certification period changes.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting and QR households regarding the application of the income eligibility test.

Section 63-503.329

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change reporting and QR households. The section refers to denial of benefits when net income of a household of three or more persons nets out at zero.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding treatment of a household with three or more members when it has a net income which would set its benefit level at zero.

Section 63-503.41

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR households and to add a new QR reference. The section is also changed to add a reference to income averaging rules for QR self-employed households since self-employed households, unless exempt, are subject to QR income averaging rules.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR households. Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively, which includes rules for income averaging.

Final Modification:

As a result of testimony, this section is amended to replace “QR Report” with “QR 7” for clarity.

Section 63-503.411(a)

Specific Purpose:

This section is being amended to clarify that QR self-employment households must report income on the QR Report (QR 7) for the Data Month, second month of a quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively, which includes rules for income averaging. The CWD must calculate the reported income using reasonably anticipated income rules for each month of the upcoming QR Payment Quarter, which is then averaged to arrive at gross monthly income to be used as a base from which allowable income deductions reduce gross income to net income.

Section 63-503.411(b)

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law for QR reporting households. The amendment clarifies and makes clear that self-employment income and expenses that are annualized over a 12-month period is the equivalent of averaged income and expenses for the QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively, which includes rules for income averaging. When self-employed households elect to annualize income, they can also annualize expenses if income is annualized.

Section 63-503.411(c)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change and QR reporting households. If a self-employment enterprise has been in existence for less than a year, the CWD must average the income over the period of time the business has been in operation.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively, which includes rules for income averaging, and also discusses anticipating income over the QR Payment Quarter. The monthly amount is then projected over the certification period; generally a 12-month period. The same procedure will be used for QR households; however, the section is further amended to clarify that for QR households, the projected income over the certification period must be used to average income over the QR Payment Quarter.

Section 63-503.412(b)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change and QR reporting households. It is also amended to clarify that QR household's self-employed income must be averaged over the certification period or over a QR Payment Quarter.

Factual Basis:

For purposes of averaging self-employment income over the certification period or over the QR Payment Quarter, Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively, which includes rules for income averaging, and also discusses anticipating income over the QR Payment Quarter. Self-employed income must be averaged over the certification period or over the QR Payment Quarter.

Section 63-503.412(c)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR reporting households. This section refers to self-employment income and expense information reported on a QR 7 that is to be used to project income and expenses over the certification period or QR Payment Quarter.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding averaging of expenses over the certification period in a self-employed household.

Sections 63-503.415(a), (b), and (b)(1)

Specific Purpose:

These sections are amended and are necessary to continue current requirements that have not been changed by QR law for QR reporting households. However, an additional amendment is being added to clarify for QR self-employed households that report income on the quarterly report form (QR 7), that all self-employment income is determined, including capital gains, for each month of the QR Payment Quarter and that total is averaged over the three months of the quarter, excluding the anticipated cost of doing business.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively, which includes rules for income averaging, and also discusses anticipating income over the QR Payment Quarter.

Final Modification:

As a result of testimony, the phrase “Stable income, e.g.” in the last sentence of Section 63-503.415(b) is repealed. This change was made for clarification and to avoid confusion in the QR system since stable income is not an applicable term in QR. The QR regulations are specific about what is considered income that will not change over the QR Payment Quarter. After repeal of the phrase, the next sentence reads: “Income averaged over the certification period, need not be averaged over the quarter.” That sentence gives CWDs correct instruction for treatment of income that will not change over the certification period for both change reporting and QR households.

Section 63-503.5

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR households. This section is renumbered from Section 63-503.212(b)(2) and represents only a nonsubstantive change to the regulations and applies to both change reporting and QR households.

Factual Basis:

The renumbering of this section is necessary to remove it from an entire MR section that will be repealed from regulations once QR is implemented statewide and to readopt it where it is most appropriate in regulations for change and QR households.

Final Modification:

At the Department’s discretion the term “nonexcluded scholarships” is changed from “nonexcluded scholarship” for clarity.

Section 63-503.6

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR households. This section is renumbered from Section 63-503.212(b)(2) and represents only a nonsubstantive change to the regulations and applies to both change reporting and QR households.

Factual Basis:

The renumbering of this section is necessary to remove it from an entire MR section that will be repealed from regulations once QR is implemented statewide and to readopt it where it is most appropriate in regulations for change and QR households.

Sections 63-503.7 through .8 (Renumbered)

Specific Purpose/Factual Basis:

These sections are renumbered for clarity.

Sections 63-503.9, .91 and .911 et seq.

Specific Purpose:

These sections are being amended and are necessary to continue current requirements that have not been changed by QR law for change reporting households. These sections are also being amended to make a technical change to the title so that both change reporting and QR households are included in the section. The title needs to be amended because a section is added for clarification in regards to a resident of a QR household which moves out of state. Additional amendments are necessary to clarify that a new procedure is in place to transfer QR households to another county to be compatible with the CalWORKs program and its Inter-County Transfer policies. The amendment also clarifies that a mid-quarter action must be taken for households that move out of state for loss of residency.

Factual Basis:

The residency requirements in the FSP are not changed except for the new transfer policy which was developed for ease of administration of the QR program when a household moves and the CWD must match QR reporting cycles for both the CalWORKs and food stamp households in a new county. Also, federal regulations at 7 CFR 273.3 provide that the state agency may require a household to file an application for participation in a specified project area or office within the state. It, however, is not necessary. Federal response to our waiver request to allow the new transfer procedure specifies that California "has the authority under the regulations to implement this procedure."

Final Modification:

As a result of public comment, Section 63-503.91 repeals the phrase at the end of the first sentence: "except they shall continue to be retrospectively budgeted, as specified in Section 63-504.711." Retrospective budgeting refers to MR and is not applicable in the QR system. The phrase is erroneous for QR and was inadvertently left in the QR section. Also, subsection (a) now has an editorial change; the word "benefit" is changed to "benefits."

Section 63-503.912 (Renumbered)

Specific Purpose/Factual Basis:

This section is renumbered for clarity.

Section 63-504.1 (Handbook)

Specific Purpose:

This handbook section is being added to clarify that certification periods may be matched with reporting cycles for administrative ease and the certification periods can only be ended in accordance with Sections 63-504.15 and .16.

Factual Basis:

This handbook section is necessary to stress the practicality of matching certification periods with reporting cycles and to stress that certification periods cannot be ended for this purpose. Welfare and Institutions Code Sections 11265.1(a) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specifies that in addition to the requirement for an annual case review of eligibility, counties shall redetermine recipient eligibility and grant amounts on a quarterly basis. Administratively, by combining the QR review with the certification review, a work-time savings will result.

Section 63-504.12

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR reporting households. This is a technical change in terms from MR to QR.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding the establishment of certification periods.

Sections 63-504.13 and .131

Specific Purpose:

These sections are being amended and are necessary to continue current requirements that have not been changed by QR law for change reporting households. These are nonsubstantive changes in terms from "nonmonthly reporting" to "change reporting."

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for "change reporting" households regarding the establishment of certification periods.

Final Modification:

At the Department's discretion, Section 63-504.13 is renumbered to Section 63-504.14 and Section 63-504.131 is renumbered to Section 63-504.141. These changes are necessary to accommodate the Transitional Food Stamps regulations package (ORD #1003-23) which was implemented under Sections 63-504.13 and .131.

Section 63-504.141

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law for change reporting and QR households regarding certification of eligibility for households residing on reservations.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting and QR households regarding households that reside on Indian reservations.

Sections 63-504.14 through .162 (Renumbered)

Specific Purpose/Factual Basis:

This sections are being renumbered for clarity and consistency.

Final Modification:

At the Department's discretion, Sections 63-504.14, .141, .142, .15, .151, .16, .161, and .162 are renumbered back to the original numbering of Sections 63-504.15, .151, .152, .16, .161, .17, .171 and .172, respectively, to accommodate the Transitional Food Stamps regulations package (ORD #1003-23).

Section 63-504.222

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change reporting households. This section is being amended for QR to make clear that if an initial allotment includes benefits for both the month of application and the second month's benefits, the CWD must send notification of benefit levels for the QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively, which includes rules for income averaging, and also discusses anticipating income over the QR Payment Quarter. Recipient notification requirements did not change with QR; however, with QR, the substance of the information sent to the recipient has changed.

Section 63-504.225 (Handbook)

Specific Purpose:

This section is modified and is necessary to continue current requirements that have not been changed by QR law for change and QR reporting households. This is a nonsubstantive change to the numbering of the form used for notification of approval actions.

Factual Basis:

This change is necessary to ensure the continuation of current requirements that remain relevant for change reporting and QR households regarding the usage of the DFA 377.1 form for notification of approval actions.

Post-Hearing Modification

Section 63-504.254 (Handbook)

Specific Purpose:

This section has become inoperative because the DFA 377.2 is obsolete and is replaced with the QR 377.2.

Factual Basis:

This is necessary to ensure that the correct form is used in the QR system. Use of the new QR 377.2 ensures continuation of current requirements that remain relevant for QR households regarding the expiration of a certification period.

Section 63-504.26 (Handbook)

Specific Purpose:

This section is modified and is necessary to continue current requirements that have not been changed by QR law for QR reporting households. This is a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form.

Factual Basis:

This change is necessary to ensure the continuation of current requirements that remain relevant for QR households. CDSS and the CWDs are permanently enjoined by the court order in the Saldivar v. McMahon court case, which stipulates that a timely and adequate notice must be sent to households prior to discontinuance of the case for late or incomplete QR 7s.

Final Modification:

The reference made to MPP Section 22-022(j) is incorrect. At the Department's discretion, the reference is replaced with MPP Sections 22-071 and 22-072 which refers to notices of action and the timeframe for sending notices to the household.

Sections 63-504.263, .263(a) and .263(b)

Specific Purpose:

These sections are amended and are necessary to continue current requirements that have not been changed by QR law for QR reporting households. This is a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form. These sections refer to the requirement of the CWD to send a household that fails to submit verification or information with the QR 7 a notice of proposed change in benefits.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding notification to the household of a change in benefits.

Sections 63-504.264, .264(a) and .264(b)

Specific Purpose:

These sections are being amended and are necessary to continue current requirements that have not been changed by QR law for QR reporting households. This is a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form. These sections refer to notification to households when they have not provided a complete report form by the 11th of the Submit Month.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding timely receipt of the income reporting form (QR 7) by the 11th of the Submit Month.

Section 63-504.265 (Handbook)

Specific Purpose:

This section is modified and is necessary to continue current requirements that have not been changed by QR law for QR reporting households. This is a nonsubstantive change of form numbering from the DFA 377.4, Notification of Change for MR households, to the DFA 377.4 QR for change reporting and QR households. This section refers to the requirement of the CWD to send a household notification of a change. The reference to suspension of benefits is deleted.

Factual Basis:

This change is necessary to ensure the continuation of current requirements that remain relevant for QR households. The deletion of suspension language is necessary because suspension is non-existent in the QR system. Welfare and Institutions Code Sections 11265.2(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) describes how benefits must be calculated for the QR Payment Quarter. Welfare and Institutions Code Section 11265.2 also states that once benefits are determined for the quarter, they are frozen unless the household voluntarily reports a change that will increase benefits or the household reports a change that is a mandatory reporting requirement and it results in a decrease in benefits during the quarter.

Sections 63-504.266(d) and (e)

Specific Purpose:

These sections are amended and are necessary to continue current requirements that have not been changed by QR law for change reporting households. These are nonsubstantive changes in terms from "nonmonthly reporting" to "change reporting."

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for change reporting households. Current regulations refer to "non-monthly reporting households," which is no longer a relevant phrase when QR households are also non-monthly reporting households. Therefore, it is necessary to change the term "non-monthly reporting households" to "change reporting households."

Final Modification:

At the Department's discretion, Section 63-504.266(d) is revised for clarity and consistency by changing the word "estimated" to "anticipated." In QR, changes are anticipated and the word "estimated" is not used in the QR system.

Section 63-504.266(j)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR households. This is a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form. The section refers to discontinuance of a household that does not respond to the notice of action informing them about nonreceipt of the income report by the extended filing date.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding treatment of benefits when a household does not submit its income report (QR 7) by the extended filing date.

Section 63-504.267(e)(2)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR households. This is a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form. This section refers to rescinding discontinuance of the case when the household provides the income report by the extended filing date (the first day of the month following the month the report was due).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding rescinding a discontinuance when the QR 7 is received by the extended filing date.

Sections 63-504.4 and .42

Specific Purpose:

These sections are being amended and are necessary to continue current requirements that have not been changed by QR law for change reporting households. These are nonsubstantive changes in terms from "nonmonthly reporting" to "change reporting" and "prospectively budgeted households" to "change reporting households."

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for change reporting households. Current regulations refer to "non-monthly reporting households" and "prospectively budgeted households", which are no longer

relevant phrases when QR households are also non-monthly reporting households and are both prospectively budgeted. Therefore, it is necessary to change the terms "non-monthly reporting households" and "prospectively budgeted households" to "change reporting households."

Sections 63-504.43 and .432(a) through (d)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change reporting households. This is a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form and to specify that households are allowed to report changes on the QR 3 or the QR 377.5, in person or by telephone.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting households regarding usage of the income report form (QR 7).

Final Modification:

As a result of 15-day renote testimony, in Section 63-504.432(d), the word "insure" is changed to "ensure".

Sections 63-504.51, .511, and .512

Specific Purpose:

These sections are being amended and are necessary to continue current requirements that have not been changed by QR law for change reporting households transitioning to QR.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for change reporting households that transition to QR regarding how to transition a change reporting household to QR.

Final Modification:

At the Department's discretion, Section 63-504.512 is amended to change "during" to "for" for clarity.

Sections 63-504.52, .521, and .521(a) through (b)

Specific Purpose:

These sections are being amended and are necessary to continue current requirements that have not been changed by QR law for QR reporting households. These sections describe the procedure to move a household from MR to change reporting and to require a 10-day notice to the household to inform of the change. The same procedures apply in QR.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for change reporting households that transition to QR.

Section 63-504.522

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR reporting households in regard to transitioning households from MR to change reporting. The amendment specifies the transition from QR to change reporting.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for households transitioning from change reporting to QR.

Section 63-504.61(c)(1)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR reporting households in regard to making a timely application for recertification when the income report is received by the 11th of the month.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR reporting households regarding timely filing of recertification by the 11th of the Submit Month.

Sections 63-504.61(c)(2) and (c)(3)

Specific Purpose:

These sections are being amended and are necessary to continue current requirements that have not been changed by QR law for change reporting households. This is a nonsubstantive change in terms from "nonmonthly reporting" to "change reporting."

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for change reporting households. Current regulations refer to "nonmonthly reporting households", which is no longer a relevant phrase when QR households are also non-monthly reporting households. Therefore, it is necessary to change the term "non-monthly reporting households" to "change reporting households."

Sections 63-504.62 and .621(a) through (c)

Specific Purpose:

These sections are amended and are necessary to continue current requirements that have not been changed by QR law for QR reporting households. It changes "Monthly" to "Quarterly" and makes a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form and to add a reference to Section 63-508.66, Quarterly Reporting.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for QR reporting households.

Final Modification:

As a result of public comment, a new phrase is added for clarity purposes. Section 63-504.621 now begins with "If the certification period ends in the QR Submit Month, the QR 7...".

Section 63-504.622

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR reporting households. However, it is further amended to clarify the procedures to determine eligibility when the certification falls in the same month as the QR Submit Month.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, .3, and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) provide authority for QR Reporting. When the certification falls in the same month as the QR Submit Month, information on the QR 7 must be used to determine the household's benefits level for the first QR Payment Quarter of the new certification period; prospective budgeting is continued. It is unlike MR where the CA 7 is used to determine benefits for the next month and retrospective budgeting is continued.

Section 63-504.624

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR reporting households regarding households that receive a notice of action informing the household of the expiration of their certification period are subject to verification requirements. Obsolete MR language is removed from the QR amendment.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR reporting households. The MR language removed from this section is not applicable to QR.

Section 63-504.63

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change reporting households. It is a nonsubstantive change of terms in the title of the section from "nonmonthly reporting households" to "change reporting households."

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting households.

Section 63-505.2

Specific Purpose:

This section is adopted to clarify that one condition of eligibility is that households participating in the FSP (except as provided in Section 63-505.21) must report household circumstances on a quarterly basis on the QR 7. In addition, households will be required to

report changes as specified in new QR MPP Sections 63-508 and 63-509. Obsolete MR terms, forms, and code sections are replaced with applicable QR terms, forms, and new code sections.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) specify the reporting requirements for QR households. Household changes (including anticipated changes) must be reported, and verification must be provided as determined by CWDs. This information is necessary for CWDs to determine eligibility for the upcoming QR Payment Quarter.

Section 63-505.21

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for households participating in the FSP. This amendment consists only of a change in the heading title stating that certain households are excluded from QR. This is a nonsubstantive change replacing an obsolete monthly reporting and retrospective budgeting term with the appropriate QR term.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) specify which households shall be excluded from QR.

Sections 63-505.3, .31, .311, .32, .33, and .34

Specific Purpose:

These sections are adopted from current regulations at MPP Sections 63-505.3 et seq., amended to reflect QR reporting requirements. Monthly reporting requirements including income, shelter, utility costs, child support payments, ABAWD work requirements, and any other resources or circumstances relevant to the amount of the food stamp allotment are replaced by QR reporting requirements. References to monthly reporting forms and terms are replaced by references to QR forms and terms.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) specify the reporting requirements for QR households. This information is used to determine eligibility for the next QR Payment Quarter.

Final Modification:

As a result of public testimony, Sections 63-505.31 and .32 are revised to change the word “move” to the phrase “change of address” for clarity and consistency. A change of address is a required reporting requirement. This change provides more specificity and direction for CWDs.

As a result of 15-day renote testimony, the following amendments are being made:

It was noticed that in Section 63-505.31, the term “child care” is too narrow a term since “dependent care” more appropriately describes a food stamp allowable deduction. Dependent care costs refer to dependent care for both adults and children as allowed in the FSP; whereas, child care costs pertain strictly to cost of care for children. This change is made for accuracy of program terminology and is not a substantive change.

Section 63-505.32 is amended to clarify that in addition to reporting information for the Data Month as stated at Section 63-505.31, additional information is required to capture changes since the last QR 7 and expected changes over the next three months as asked on the QR 7. This was the original intent of the regulation and it is now amended for clarity to read: “Any changes since the last Data Month and any changes expected over the next three months as asked on the QR 7.” This change is made to clarify the original intent of the subsection and does not represent a substantive change.

Section 63-505.34 is amended by changing the phrase “reduction of work effort” to “reduction in the number of hours worked.” The sentence containing this phrase is further amended for clarity and accuracy. The wording is amended to read: “A reduction in hours worked to less than 20 hours per week, or 80 hours averaged monthly, for purposes of determining whether an ABAWD has satisfied the work requirement defined in Section 63-410.2. A cross-reference in this section is also amended to encompass all the requirements of Section 63-410. None of these amendments are substantive changes.

Sections 63-505.4 and .41(a) through (h)

Specific Purpose:

These sections are adopted from current regulations at MPP Sections 63-505.4 et seq., and amended to reflect QR verification responsibilities. Monthly verification responsibilities for any item that changed or appears questionable are replaced by QR verification responsibilities. References to monthly reporting forms and terms are replaced by references to QR forms and terms.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) specify the verification responsibilities for QR households. This information affects eligibility for the QR Payment Quarter.

Sections 63-505.5 and .52

Specific Purpose:

These sections are adopted from current regulations at MPP 63-505.5, and amended to reflect reporting requirements for households excluded from QR reporting requirements. The obsolete term "Nonmonthly Reporting" is replaced by "Change Reporting."

Factual Basis:

This is a nonsubstantive change only, and is necessary to ensure the continuation of current requirements that remain relevant for households excluded from monthly reporting.

Sections 63-508.1 through .15

Specific Purpose:

These sections are adopted to provide a brief overview of the QR process for program clarification purposes.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2 .3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 1402 (Chapter 398, Statutes of 2003) and the QR Waiver Approval received from the FNS provide authority for QR reporting. The section briefly reviews what is detailed in regulations that follow.

Sections 63-508.2 through .213 and Handbook

Specific Purpose:

These sections are adopted for clarification and definition of the quarterly reporting cycle, which consists of the first month, the second month known as the Data Month and the third month known as the Submit Month. The QR Payment Quarter is also defined.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(b) and 18910 as amended by AB 444, (Chapter 1022, Statutes of 2002) defines a quarterly reporting period as three consecutive calendar months. In addition, it explains that the household is responsible for submitting a report form for each quarterly reporting period. The adoption of this section is necessary to clearly define the quarterly reporting quarter. For administrative purposes it is necessary to refer to each month of the quarter and the QR Payment Quarter to further specify in regulation how the determination of eligibility over the QR Payment Quarter is applied in the QR process. The Handbook section clearly illustrates each month in the quarter and the QR Payment Quarter.

Final Modification:

Section 63-508.214 is adopted to provide a definition of the QR Reporting Period. The new section is added for further clarification and reads as follows: “QR Reporting Period: the Submit Month prior to the current QR Payment Quarter, the first month of the current QR Payment Quarter and the Data Month of the current QR Payment Quarter.”

Sections 63-508.22 through .225(c) and Handbook

Specific Purpose:

These sections are adopted to specifically clarify the process for aligning reporting cycles between the FSP and the CalWORKs program and FSP recertification with CalWORKs redetermination periods. This is necessary for administrative functionality of the program and compatibility between the two programs. Within the section regarding lengthening and shortening, the certification period is discussed; however, the policy does not differ from current program requirements.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(c) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specifies that counties may establish staggered quarterly reporting cycles. For workload relief and administrative ease it is extremely important that the reporting cycles be the same in both the FSP and the CalWORKs programs. Also, pertinent to workload relief is the alignment of the receipt of the QR 7 in the month that the FSP recertification and the CalWORKs redetermination of eligibility are due.

Section 63-508.3

Specific Purpose:

This section is adopted from current MR regulation at MPP Section 63-504.3, but amended only for reference to a new regulation section for QR and only to change CA 7 to QR 7. This section is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Section 63-508.31

Specific Purpose:

This section is adopted to clarify in the QR section of regulations that CWDs must ensure that households receive the QR 7 at the end of each QR Data Month and no later than the first day of each QR Submit Month and that information reported on the QR 7 must be used to determine eligibility for the next QR Payment Quarter. The timing for sending the QR 7 is not changed from current regulations.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(b) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specifies that counties shall provide a quarterly report form to recipients at the end of the second month of the quarterly reporting period. This is the same requirement currently in effect for MR households, which specifies that the CA 7 must be sent no later than the first day of each month.

Section 63-508.32

Specific Purpose:

This section is adopted to specify that CWDs must ensure that the QR recipients provide information and answers to all questions and items on the QR 7 for completeness and attest under penalty of perjury, that they have truthfully reported all required information. This requirement is also true for MR households and is carried over to QR households.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(d) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) requires that the quarterly report form be signed under penalty of perjury, and must include only information necessary to determine food stamp eligibility and calculate food stamp allotments. The QR 7 is used to determine eligibility for the next QR Payment Quarter.

Section 63-508.321

Specific Purpose:

This section is adopted to specify that the household must report all information for the Data Month regarding income, household composition or property since the submission of the last QR 7 and any anticipated changes for the upcoming QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(d)(1), (2), (3), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) states that the QR 7 must be signed under penalty of perjury and that the form must include information about income, anticipated income for the next QR Payment Quarter, and any other changes to facts required to be reported and any anticipated changes. The sections also state that the household must provide verification as determined by the Department. This information is necessary for CWDs to determine eligibility for the upcoming QR Payment Quarter.

Final Modification:

As a result of public comment, the phrase “submission of the last QR 7” is replaced with “last Data Month.” The new section now reads: “Recipient will be required to report all income received for the QR Data Month, any changes in household composition or property since the last Data Month and any changes in income the recipient anticipates will occur in the upcoming QR payment quarter.” The repeal of the phrase “submission of the last QR 7” is necessary because it was misleading. Submission of the QR 7 can occur over a 30-day period; whereas, the new phrase “last Data Month” is specific regarding the exact period of time in which the recipient must report changes.

Sections 63-508.322 and .322(a) through (f)

Specific Purpose:

These sections are being adopted to continue current requirements that have not been changed by QR law for QR households. These sections are duplicated from current regulations at MPP Section 63-504.31 et seq. to include the form QR 7 and for amended references to appropriate QR regulation sections.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Final Modification:

As a result of public comment, in Section 63-508.322(e)(1), there is a typographical error which is corrected. “AR” was corrected to “QR.”

Sections 63-508.4 through .412(c)

Specific Purpose:

This section is adopted from current regulations at MPP Sections 63-504.32 et seq. It is necessary to continue current completeness requirements for the QR 7 that have not been changed by QR law for QR households. This section is adopted to include the form QR 7.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding completeness criteria for the QR 7.

Section 63-508.42

Specific Purpose:

This section is being adopted from current regulations at MPP Section 63-504.322. It is necessary to continue current requirements that have not been changed by QR law for QR households. This section is adopted to include the QR 7 and rules regarding information necessary for a complete address change on the QR 7.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Section 63-508.43

Specific Purpose:

This section is being adopted from current regulations at MPP Section 63-504.323. It is necessary to continue current requirements that have not been changed by QR law for QR households. This section is adopted to include the form QR 7 and to specify persons who are entitled to be Authorized Representatives for the household.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Sections 63-508.44, and .442(a) through (d)

Specific Purpose:

These sections are adopted from current regulations at MPP Sections 63-504.324 et seq. These sections are necessary to continue current requirements that have not been changed by QR law for QR households regarding completeness criteria for the QR 7 and to define a “fully answered question” by the household.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households.

Final Modification:

In Section 63-508.442(a), a typographical error is corrected. The phrase in the first sentence after the semi-colon is changed from “for example, and actual change that the household reported” to “for example, an actual change that the household reported.”

Sections 63-508.45 through .451

Specific Purpose:

This section is adopted from current regulations at MPP Section 63-504.325 and amended to include “Data Month” and for including references to appropriate QR regulation sections. These sections are necessary to continue current requirements that have not been changed by QR law for QR households regarding verification of income.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households.

Section 63-508.46

Specific Purpose:

This section is adopted from current regulations at MPP Section 63-504.326 and is necessary to continue current requirements that have not been changed by QR law for QR households in regard to verification that must be provided with the QR 7.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Sections 63-508.5, .51, and .52

Specific Purpose:

These sections are adopted for purposes of clarity in the QR program regarding when the QR 7 must be sent to households and the due date for its return in the QR Submit Month. These sections are necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households.

Sections 63-508.53 through .534

Specific Purpose:

These sections are adopted from current regulations at MPP Section 63-504.361 and amended to include reference to the QR 7. This section is necessary to continue current requirements that have not been changed by law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding timely submitted and late QR 7s.

Sections 63-508.6 through .615

Specific Purpose:

These sections are adopted from current regulations at Section 63-504.27 et seq. and amended to include the form QR 7. These sections are necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding what action to take when the QR 7 is not received or is incomplete.

Sections 63-508.616 and .616(a)

Specific Purpose:

These sections are adopted from current regulations at MPP Section 63-504.34, amended to include the form QR 7, and reference QR regulations. These sections are necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding how the CWD must assist the QR household in completing the QR 7.

Sections 63-508.616(b) through (b)(6)

Specific Purpose:

These sections are adopted from current regulations at MPP Section 63-504.341, and amended to include the form QR 7, and reference QR regulations. These sections are necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding verification that must be included with the QR 7.

Section 63-508.616(c)

Specific Purpose:

This section is adopted from current regulations at MPP Section 63-504.342. The section is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding verification of housing costs.

Final Modification:

As a result of 15-day renote testimony, wording in this section is revised to reflect that a housing cost change is computed as a direct result of an address change. This revision is consistent with program rules and usage elsewhere in regulations and on the QR 7, and is made for clarification and accuracy of terminology.

Section 63-508.616(d)

Specific Purpose:

This section is adopted from current regulations at MPP Section 63-504.343, amended to include the QR 7, and to reference QR regulations. This section is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding action by the CWD when information/verification provided on the QR 7 is questionable.

Sections 63-508.616(e) through (e)(2)

Specific Purpose:

These sections are adopted from current regulations at MPP Section 63-504.344. This section is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding guidance for CWDs on how to assist the household in completing the QR 7.

Section 63-508.62

Specific Purpose:

This section is adopted from current regulations at MPP Section 63-504.272 and amended to include the QR 7, and to reference QR regulations. This section is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding the requirement of CWDs to notify households when a QR 7 is not received by the 11th of the Submit Month.

Sections 63-508.621 through .623 Handbook

Specific Purpose:

These sections are adopted from current regulations at MPP Section 63-504.274 and amended to include the QR 7 and to make reference to QR/PB rules. These sections are necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding the requirement to send a 10-day notice to the household for non-receipt of the QR 7 and to compute an overissuance when the CWD is unable to decrease benefits due to 10-day noticing provisions.

Final Modification:

At the Department's discretion, Section 63-508.622 is amended to insert a comma after the word "respectively."

Sections 63-508.63 and .631

Specific Purpose:

These sections are adopted from current regulations at MPP Section 63-504.33 and amended to include the QR 7. These sections are necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding the provision to terminate benefits if the QR 7 is not received by the extended filing date.

Final Modification:

At the Department's discretion, in Section 63-508.631, "report month" is changed to "Submit Month" to clarify that the household's participation is terminated at the end of the "Submit Month."

Section 63-508.632

Specific Purpose:

This section is adopted to specify that a proposed discontinuance of the household will remain in place if the household does not submit the QR 7 by the extended filing date, unless good cause for late submittal of the QR 7 is established by the CWD.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(e) and (f) specify that any discontinuance shall be rescinded if a complete report is received by the first working day of the first month of the following quarterly reporting period, also known as the extended filing date; or, if received after the extended filing date when good cause is determined.

Sections 63-508.64 through .644

Specific Purpose:

These sections are adopted to allow good cause to be claimed by the household if the household reapplies for benefits following discontinuance for failure to submit a QR 7 during the calendar month following discontinuance. The CWD would also have authority to determine good cause in accordance with MPP Section 40-181.23 in the CalWORKs program.

Factual Basis:

Waiver #8 from FNS dated April 1, 2003 (Item #11 stated under MPP Section 63-034 of this Statement of Reasons) approved good cause determinations for households that submit their QR 7s after the extended filing date. If good cause exists, the discontinuance will be rescinded and benefits restored back to the first of the month. If good cause does not exist, the termination rules for an income report received after the extended filing date will remain in effect.

Sections 63-508.645, .645(a), (b) and Handbook

Specific Purpose:

These sections are adopted to allow benefits to be issued back to the first of the month at the previous higher level when good cause is determined. This is because a 10-day notice could not be given in time to decrease benefits to the correct entitlement. Therefore, an over-issuance of benefits will occur in this situation.

Factual Basis:

Although a 10-day notice is not required to be sent to the household when the discontinuance for submitting a late report form and when benefits would be restored at a lower level; the State of California is enjoined by the Saldivar v. McMahon court order to provide a 10-day notice. If a 10-day notice cannot be given to the household to reduce benefits and benefits are released at a higher level than entitled by the act of rescinding the discontinuance and issuing benefits back to the first of the month when good cause is determined, an over-issuance of benefits results. The Handbook section provides guidance to CWDs on how over-issuances are determined in this situation.

Section 63-508.645(c)

Specific Purpose:

This section is adopted to allow for a supplement in benefits when good cause is determined for late QR 7s and benefits are restored back to the first of the month and benefits could be increased. Also, a time limit is imposed for the ability to claim good cause by the household.

Factual Basis:

Waiver #8 from the Food and Nutrition Service dated April 1, 2003 (Item #11 stated under MPP Section 63-034 of this Statement of Reasons) approved good cause determinations for households that submit their QR 7s after the extended filing date. If good cause exists, the discontinuance will be rescinded and benefits restored back to the first of the month. Welfare and Institutions Code Section 11265.1(g) as amended by AB 444, Chapter 1022, Statutes of 2002 establishes good cause. Welfare and Institutions Code Section 11265.3(d)(2) specifies that counties must act upon changes in income reported during the quarterly reporting period that result in an increase in benefits and are effective for the entire month. This would apply when good cause is reported by the recipient mid-quarter and benefits are restored at a higher level back to the first of the month.

Section 63-508.65

Specific Purpose:

This section is adopted from current regulations at MPP Section 63-504.33 and amended to include the QR 7. This section is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding CWD action to be taken from information reported on the QR 7.

Sections 63-508.651 and .651(a) through (d)

Specific Purpose:

These sections are adopted to provide instruction to CWDs that the information reported on the QR 7 must be sufficient enough to be able to make an eligibility determination using prospective budgeting rules for the next QR Payment Quarter and also instructs the CWD to terminate the household at the end of the Submit Month if the reported information would result in ineligibility. These sections also clarify that all information must be acted on whether it increases or decreases benefits for the upcoming QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(d), (f), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) indicate what information is required to be included on the QR 7 and describes the outcome for an incomplete report or for a report that is not received. Welfare and Institutions Code Section 11265.2 specifies that benefits will be determined based on reported QR 7 information for the upcoming QR Payment Quarter.

Final Modification:

As a result of public comment, a typographical error is corrected in Section 63-508.651(a): the word “in” is changed to “on.” The phrase “submission of the” is repealed. Refer to the Final Modification in Section 63-508.321 for an explanation of the change. In Section 63-508.651(c), a new sentence is added: “Refer to Section 63-509(e)(2) for treatment of information reported on the QR 7 which would result in a voluntary mid-quarter change in the Submit Month.” This new sentence provides a reference to a section in the regulations that explains that information reported on the QR 7 that is pertinent only to the Submit Month is considered a mid-quarter voluntary report. The sentence is added to ensure that consistent QR policy is applied when additional information is reported on the QR 7 and which is not a part of the QR 7 reporting process.

As a result of 15-day testimony, in Section 63-508.651(a), the term “child care” is changed to “dependent care.” Refer to the Final Modification at Section 63-505.31.

Section 63-508.652

Specific Purpose:

This section is adopted to clarify that any report made by the household, whether it is a voluntary report or a mandatory report, becomes part of the case record even if a change in benefits results.

Factual Basis:

Welfare and Institutions Code Sections 11263.1, .2, .3, and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003) describe mid-quarter reporting and actions that must be taken by the CWDs. The case file must be fully documented to allow the correct determination of benefits and to avoid any program errors.

Sections 63-508.653 through .653(b)

Specific Purpose:

This section is adopted to instruct CWDs on how to process a QR 7 when it is subsequent to a mid-quarter report of a change. CWDs must review the QR 7 to make sure it is consistent with mid-quarter reports that have been made. If a discrepancy is realized, the CWD must attempt to contact the household for resolution. Otherwise, the QR 7 may be considered incomplete and the household may be subject to discontinuance.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(d), (e), (f), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) provide the criteria for complete reports and the outcome for incomplete reports, which may result in discontinuance of benefits.

Sections 63-508.654 and .654(a) through (b)

Specific Purpose:

These sections are adopted to describe how eligibility is determined for the household when a new household member is reported on the QR 7.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(d) and 18910 as amended specifies what information must be reported on the QR 7. Section 11265.2(d) provides authority to develop QR policy as otherwise established by the Department. Sections 63-508.654(a) and (b) are adopted from current regulations at Section 63-504.353 and continue for QR. Section 63-508.654(c) is compatible with QR rules. Section 63-508.654(d) in state regulation is new and describes action the CWD must take when a new household member is reported on the QR 7 and, based on Data Month information is determined eligible. However, prior to authorizing benefits, information becomes known to the CWD in the Submit Month that would render the individual ineligible and consequently the household ineligible. In this situation, the new information received in the Submit Month is considered a voluntary mid-quarter report. Because benefits were not yet authorized for the individual, the household remains eligible based on Data Month information and the new member is treated as an excluded member until the next QR 7 is received and eligibility for the household redetermined.

Sections 63-508.654(c) through (c)(3) and Handbook

Specific Purpose:

These sections are adopted to clarify how a previously disqualified member would be added to the household.

Factual Basis:

Welfare and Institutions Code Sections 11265.3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003) describe mandatory recipient reports and the effect voluntary recipient reports have on the household. Reporting a new household member is not a mandatory mid-quarter report. However, if the new member is reported mid-quarter, the CWD is allowed to increase benefits by adding the individual the first of the month after disqualification ends. If the disqualification ends, but is reported on the QR 7, the CWD must increase or decrease benefits as appropriate by the first day of the next QR Payment Quarter.

Final Modification:

As a result of public comment, a new sentence is added after Section 63-508.654(c)(1) to reference a section in regulation that describes how excluded persons are treated in the food stamp household. The sentence is inserted for purposes of clarity and reads: “However, the individual is considered an excluded household member until the next QR 7 is received and his/her income will be treated in accordance with Section 63-503.442. The individual remains an excluded individual until a new eligibility determination is made with the next QR 7.” In Section 63-508.654(c)(2), a typographical error is corrected: “continue” is corrected to “continue.” In Handbook, a phrase in the second sentence “which will render the household ineligible for benefits” is inserted after “fully employed.” The second sentence now reads: “On March 5, the CWD learns that the father became fully employed, which will render the household ineligible for benefits;...”. In addition, the new phrase is necessary to clarify that action can only be taken to exclude the individual if the income renders the household ineligible. Full employment may or may not render the household ineligible.

Sections 63-508.655

Specific Purpose:

This section is adopted to clarify how a previously disqualified member would be added to the household.

Factual Basis:

Welfare and Institutions Code Sections 11265.3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003) describe mandatory recipient reports and the effect voluntary recipient reports have on the household. Reporting a new household member is not a mandatory mid-quarter report. However, if the new member is reported mid-quarter, the CWD is allowed to increase benefits by adding the individual the first of the month after disqualification ends. If the disqualification ends, but is reported on the QR 7, the CWD must increase or decrease benefits as appropriate by the first day of the next QR Payment Quarter.

Sections 63-508.66 through .661(e) and Handbook

Specific Purpose:

These sections are adopted to clarify that property must be reported on the QR 7, but it is not required to be reported mid-quarter. Property eligibility is determined once per quarter and if reported during the quarter, a resource determination will not be made.

Factual Basis:

Welfare and Institutions Code Sections 11265.3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003) describe mandatory recipient reports and the effect voluntary recipient reports have on the household. The report of resources is required once per quarter on the QR 7, but it is not a required mid-quarter report. No action is taken mid-quarter for reports of resources exceeding the resource limit. If resources are reported on the QR 7 and exceed the resource limit, but the household can verify that they have fallen below the resource limit by the end of the Submit Month, the household is property eligible for the next quarter.

Final Modification:

As a result of public comment, Section 63-508.661(b) is rephrased to match the wording in the CalWORKs program. There is no substantive change to this section since the meaning of the new sentence is the same as the old sentence. The section now reads: “Actions can be taken mid-quarter if they do not impact eligibility.” In Section 63-508.661(e), the last sentence now reads: “A discontinuance notice shall be rescinded and benefits reinstated for the QR 7 Reporting Period.” The phrase “for the QR 7 reporting period” was added for clarification of the period for which benefits will be restored.

Sections 63-508.67 through .671(a)

Specific Purpose:

These sections are adopted to clarify that household composition changes must be reported on the QR 7, but are not required to be reported mid-quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003) describe mandatory recipient reports and the effect voluntary recipient reports have on the household. Households may voluntarily report changes in household composition during the quarter, but action is only taken if benefits can be increased mid-quarter. Otherwise, if adding the individual would result in a decrease, no action is taken until the QR 7 is received, which must include the report of the new member in the household. The CWD must act on information reported on the QR 7 for increases and decreases in benefits, which is a policy that has not changed from current practice.

Sections 63-509 title and (a)(1) through (a)(1)(D) and Handbook

Specific Purpose:

These sections are adopted to specify that prospective budgeting is used to determine eligibility for QR households and to define what documentation is acceptable for making an eligibility determination. Handbook is added to stress the importance of case narratives and other documentation used to estimate income over the QR period.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specifies that prospective budgeting must be used by the counties to determine household eligibility and benefit amounts on a quarterly basis. Prospective budgeting is not a new concept for the FSP and it is currently used to budget change reporting household income and to determine eligibility. The concept of prospective budgeting is adopted for QR budgeting and eligibility determination purposes. These sections and the Handbook section are necessary to provide guidance to CWDs on the application of prospective budgeting in QR. The Handbook section is necessary to emphasize the importance of case narratives and other documentation used to estimate income over the QR period. Case narratives are a crucial part of the case file when it is reviewed for Quality Control purposes.

Sections 63-509(a)(2) through (a)(2)(C)3.g. and Handbook

Specific Purpose:

These sections are adopted for clarification of the concept of "reasonably anticipated" income and to provide guidelines to CWDs in its application in QR. Handbook adds further clarification of how to anticipate income.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specifies that prospective budgeting must be used in QR and that in using this budgeting method, the CWD must determine if income can be reasonably anticipated over the QR Payment Quarter. The concept of anticipating income is not a new policy for the FSP and it is currently used to anticipate income for change reporting households and to determine eligibility. The concept of "reasonably anticipated" income is adopted for QR budgeting and eligibility determination purposes from current regulations. Handbook provides further clarification and examples on how to anticipate income.

Final Modification:

At the Department's discretion, Section 63-509(a)(2) is amended to clarify that a report of decreased income in the Submit Month shall be used to anticipate income over the QR Payment Quarter. The new paragraph reads: "If the household reports a decrease in income for the Submit Month, the CWD will treat it as a mid-quarter change and use the information of decreased income to anticipate income for the next QR Payment Quarter." In Section 63-509(a)(2)(C)1.d., the word "fluctuates" is changed to "changes." The word "fluctuates" is not a term used in QR. In Section 63-509(a)(2)(C)3.a., the parenthetical phrase is repealed because it does not need to be said. When a household reports a change, it will always occur mid-quarter or on the QR 7. Section 63-509(a)(2)(C)3.g. Handbook is changed by adding a new sentence after the last paragraph of the Handbook section. The new sentence reads: "If the hours/rate of pay can be anticipated, but the start date of pay is not known, then the CWD cannot anticipate the income." This is a clarification that was missing in the initial examples given in this Handbook section. In Section 63-509(a)(2)(C)3.b., an editorial change is made by removing an extra space between the words "recipient" and "may." In Section 63-509(a)(2)(C)3.g., "start or what amount" is replaced with "start and/or what amount."

As a result of 15-day renote testimony, Section 63-509(a)(2) is amended to add the following phrase at the end of the third paragraph: "...if the change continues into the next quarter." This additional phrase clarifies that income is not anticipated if it will not continue into the next quarter. It is inserted for clarity and is not a substantive change.

Sections 63-509(a)(3) through (3)(A)(4) and Handbook

Specific Purpose:

These sections are adopted to clarify that medical, child support, and child care expenses must also be reasonably anticipated over the QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that eligibility must be determined using prospective budgeting and reasonably anticipated income rules. The determination of eligibility is based on the use of gross income and deduction of allowances to arrive at a net income figure that is then used to determine benefit allotments in the FSP. In addition, Waiver #3 from FNS dated April 1, 2003 (Waiver #4 as stated in MPP Section 63-034 of the Statement of Reasons) provides authority to average expenses over the QR Payment Period and over the current and remaining months in a quarter if mid-quarter changes occur. In addition, expenses must be converted to a monthly averaged figure by factoring weekly paid expenses by 4.33 and bi-weekly expenses by 2.167 if income is also factored.

Sections 63-509(a)(3)(B) and (C)

Specific Purpose:

These sections are adopted to clarify that shelter and utility costs are not averaged over the QR Payment Quarter. They will be determined based on current regulations.

Factual Basis:

FNS denied waiver requests to average shelter and utility expenses over the QR Payment Quarter. Waiver #3 of the FNS Approval dated April 1, 2003 denied averaging these expenses over the QR Payment Quarter. Instead, shelter and utility expenses will be determined in accordance with current regulations. That is: shelter expenses will remain at the same level until a new shelter cost is reported; utility expenses will be determined by using actual expenses averaged over the certification period or by the household electing a Standard Utility Allowance in lieu of actual expenses.

Final Modification:

As a result of public testimony, the phrase “or a mandatory report of a move” is inserted at the end of Section 63-509(a)(3)(B) to ensure that shelter costs are reviewed by the CWD when there is a report of a move, which is a mandatory report. It is added for clarification purposes. A comma is inserted after QR 7 on the third line and “or” is repealed for grammatical correctness. In Section 63-509(a)(3)(B)1., the phrase “once it has been verified” is repealed because counties have the option of verifying shelter costs. Not all counties will opt to verify shelter expenses. In Section 63-509(a)(3)(B)3., the phrase “and that the decreased shelter amount be reported on the next QR 7” is repealed. The household

is not required under QR rules to report shelter cost changes that occurred mid-quarter on the QR 7. Shelter costs are only reported at certification or when the household moves. Section 63-509(a)(3)(C)2. is revised to insert a specific timeframe for CWDs to send the “No Change NOA.” Section 63-509(a)(3)(C)3.a., the phrase “higher than the SUA” is added at the end of the sentence. In the FSP, the SUA is allowed unless actual utility costs are greater than the SUA amount. The sentence now reads: “A ‘No Change NOA’ shall be sent to the household within 30 days of the reported change.” Also, the reference to reporting utility elections on the QR 7 is repealed because it is an erroneous statement. Utility cost changes are reported only at certification or when a household moves.

Sections 63-509(a)(4) through (4)(A)4. and Handbook

Specific Purpose:

These sections are adopted to clarify how income is averaged over the QR Payment Quarter and to provide guidance to CWDs on the averaging income process.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that eligibility must be determined using prospective budgeting over the QR Payment Quarter and reasonably anticipated income rules. The determination of eligibility is based on the use of gross income and deduction of allowances to arrive at a net income figure that is then used to determine benefit allotments in the FSP. Usage of the conversion fraction is consistent with current regulations.

Final Modification:

At the Department’s discretion, Section 63-509(a)(4)(A)1. is renumbered since Sections 63-509(a)(4)(A)1. and 2. were duplicated. Section 63-509(a)(4)(A)2. becomes Section 63-509(a)(4)(A)1., Section 63-509(a)(4)(A)3. becomes Section 63-509(a)(4)(A)2., and Section 63-509(a)(4)(A)4. becomes Section 63-509(a)(4)(A)3. In Section 63-509(a)(4)(A)2., a reference is inserted as an administrative aid to CWDs. The reference reads: “(Refer to Section 63-509(a)(5) for usage of the weekly and bi-weekly conversion factors when averaging income over the QR Payment Quarter.)” In Section 63-509(a)(4)(A)5., wording in the last sentence is changed for clarity purposes and to make clear the intention of the regulation. The sentence now reads: “The actual anticipated CalWORKs grant shall not be averaged over the QR Payment Quarter.”

Section 63-509(a)(5) and Handbook

Specific Purpose:

These sections are being adopted to clarify how the weekly and bi-weekly conversion factors are used in QR. It expands usage of the 4.33 and 2.167 weekly and bi-weekly factors in the QR system.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), .2(a) and (b) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that eligibility must be determined using prospective budgeting and reasonably anticipated income rules. Usage of the conversion factors is consistent with current regulations.

Final Modification:

As a result of public comment, Section 63-509(a)(5)(A) is amended to repeal a reference to Assistance Unit (AU) because it is a CalWORKs term and does not apply to the FSP. The same amendment was made in Section 63-509(a)(5)(B), and “or” with a comma is inserted. Section 63-509(a)(5)(C) is adopted to provide further clarification on the usage of the conversion factors and states: “A household reports that it is paid on a weekly or bi-weekly basis, indicates that there are changes in income in the upcoming quarter, the amount is known and will remain the same for the entire QR payment quarter, and the CWD is in agreement with the reported income.” This is adopted to allow CWDs to use the conversion factor in a situation in which a household reports on the QR 7 that income will change in the upcoming quarter. Prior to adopting this section, CWDs could not use the conversion factor if the household reported on the QR 7 that it anticipates a change in income in the upcoming payment quarter. Section 63-509(a)(5)(C) is renumbered to Section 63-509(a)(5)(D) and Section 63-509(a)(5)(D) is renumbered to Section 63-509(a)(5)(E). A new Section 63-509(a)(5)(F) is adopted to clarify that the conversion factors shall not be used for income received on a monthly or semi-monthly schedule.

As a result of 15-day renote testimony, a typo is corrected. The “HH” is deleted in Sections 63-509(a)(5)(A) and (C) to clarify each sentence. In Section 63-509(a)(5)(B), the “HH” is replaced with the word “household.”

Sections 63-509(a)(6) and Handbook

Specific Purpose:

These sections are adopted to illustrate how income that changes from month to month in a QR Payment Quarter is determined for each month of the quarter and then averaged over the quarter to arrive at the gross income amount for the QR Payment Quarter. The Handbook section provides a scenario and actual examples of the calculation.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that eligibility must be determined using prospective budgeting and reasonably anticipated income rules over the QR Payment Quarter. When income fluctuates, it is more difficult to anticipate it over the quarter. These sections are necessary to provide steps the CWDs can use to reasonably anticipate income during the quarter. The Handbook section adds more clarification by giving an example of how fluctuating income can be anticipated.

Final Modification:

As a result of public testimony, in Sections 63-509(a)(6)(A) and (B), the word “estimate” is changed to “anticipate.” Also throughout, the word “recipient” is changed to “household.” The word “estimate” is not used in the QR system. The word “recipient” is a CalWORKs term. Other changes in these two sections are added for greater clarity and are nonsubstantive. The second sentence is revised to read: “First use the household’s anticipation of income if the household is able to provide it...” In addition, the last sentence in Section 63-509(a)(6)(A) is changed to read: “If the household cannot be contacted, or if the household and/or the CWD are unable to anticipate future income levels, the recipient or the CWD with the household’s written permission, may contact the household’s employer regarding anticipated work hours or pay.” It is necessary that the regulation is clear about getting the household’s written permission before contacting the employer. In Section 63-509(a)(6)(B), a clarifying statement is added after the first sentence, which reads: “...if the recipient states that s/he had prior work hours/wages that are similar to the anticipated work pattern.” In the third sentence, “12 months” is inserted after the word “past” to put a timeframe on the look-back period. The word “fluctuating” is removed from the end of the third sentence, since it is not a term used in the QR system.

Sections 63-509(b) through (b)(1)(B)4.c. and Handbook

Specific Purpose:

These sections are adopted to provide authority to require households to report certain changes during the quarter and for the CWD to act on those reported changes.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(a), (b), (c), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) provide those changes that must be reported by the recipient during the QR Payment Quarter. These sections are specific to the CalWORKs program; however, when certain changes are reported for CalWORKs, the FSP will take action to review the case for eligibility. This is provided for in Waiver #3 and #5 of the QR Waiver from FNS dated April 1, 2003 (Item #7 as stated in MPP Section 63-034 of the Statement of Reasons). The waiver authority also provides that mandatory mid-quarter reports for food stamp households are changes of address and hours of work for ABAWDs. The Handbook section further clarifies the Income Reporting Threshold (IRT) level for information purposes.

Final Modification:

As a result of public testimony, clarification in Section 63-509(b)(1)(A)2. is added to explain that persons who are satisfying the ABAWD work requirement through a combination of education/training and employment for a total of at least 20 hours per week are not subject to the mid-quarter requirement when hours of employment are reduced.”

Sections 63-509(c) and (c)(1)

Specific Purpose:

These sections adopt the title for the section and discuss actions to be taken on a case when Drug Felony convictions, Fleeing Felon status, and parole/probation violations are reported to the CalWORKs worker.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(a), (b), (c), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) provide those changes that must be reported by the recipient during the QR Payment Quarter. These sections are specific to the CalWORKs program; however, when certain changes are reported for CalWORKs, the FSP will take action to review the case for eligibility. This is provided for in Waivers #3 and #5 from the FNS dated April 1, 2003 (#7 as stated in MPP Section 63-034 of the Statement of Reasons). For the report of drug and fleeing felons, the FSP must discontinue the individual from benefits at the same time the CalWORKs grant is discontinued. A 10-day notice is required in accordance with requirements for notification of households when changes occur in the case.

Section 63-509(c)(2)

Specific Purpose:

This section is adopted to clarify how a household's move out of state is treated under QR rules. A change of address is a mandatory mid-quarter household reporting requirement. When a household moves out of state, they lose their California residency and are no longer eligible for benefits from the State. This section is adopted from current regulations and is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Section 63-509(c)(3)

Specific Purpose:

This section is adopted to specify that an address change is a mandatory mid-quarter report and to clarify that a county will transfer a food stamp case at the same time a CalWORKs case is transferred to another county. The food stamp case must be discontinued at the same time the CalWORKs case is discontinued.

Factual Basis:

Welfare and Institutions Code Sections 11265.3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) require certain changes to be reported mid-quarter by the household. For administrative purposes, the Department included changes of address as one of those reports. Waiver #5 of the QR Waiver Approval from the FNS dated April 1, 2003 (#7 as stated in MPP Section 63-034 of the Statement of Reasons) provides that a change of address is a mandatory mid-quarter household report. Waiver #9 indicates that the State has the authority to implement the transfer procedure for food stamp cases.

Section 63-509(c)(3)(A) and Handbook

Specific Purpose:

This section is adopted to make clear that non-assistance food stamp cases must be terminated at the time an address change is reported in another county. This does not differ from current policy. The section is adopted from current regulations and is necessary to continue current requirements that have not been changed by QR law for QR households. The Handbook section provides examples on the transfer process for public assistance households and, in comparison, the procedure for non-assistance households.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Final Modification:

As a result of public comment regarding the Handbook section, all references to “recipient” are changed to “household.” A phrase is added at the end of the second example in Handbook to clarify that when a transfer is made from one county to another, the transferring county must notify the household to reapply for benefits in the new county. The phrase now reads: “A recipient is currently living in County A. On February 5th, the

household informs County A that she now lives in County B. FS benefits will be discontinued in County A effective the end of February and County A shall inform the household that a new application is needed in County B for food stamp benefits to resume.” This policy is consistent with current Food Stamp Program rules.

Sections 63-509(c)(4) through (c)(4)(C)

Specific Purpose:

These sections are adopted to provide authority for CWDs to review the food stamp case when a recipient reports the IRT to their CalWORKs worker. These sections also provide guidelines for CWD case actions when the IRT is reported.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(b), (c), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and as amended by AB 692 (Chapter 1024, Statutes of 2002) require the IRT to be reported mid-quarter by the CalWORKs household. These sections are specific to the CalWORKs program; however, when certain changes are reported for CalWORKs, the FSP will take action to review the case for eligibility. This is provided for in Waiver #3 and #5 of the QR Waiver Approval from the FNS dated April 1, 2003 (#7 as stated in MPP Section 63-034 of the Statement of Reasons). This section is necessary to specify steps and actions necessary to be taken when the IRT is reported.

Final Modification:

As a result of public comment, in Section 63-509(c)(4)(C), the phrase after the comma is repealed and the first and second sentences are combined into one. In what was the second sentence, the words “determined eligible” are changed to “processed.” These changes are made for clarification purposes and the sentence now reads: “If the CalWORKs cash grant is discontinued, households whose CalWORKs benefits are discontinued shall be processed for Transitional Food Stamp Benefits (TFS).” In Section 63-509(c)(4), for editorial purposes, “FS” is spelled out to read “food stamp.” In the next to last line, the word “benefit” is changed to “benefits.”

Sections 63-509(d), (d)(1), and (d)(2)

Specific Purpose:

These sections are adopted to allow recipients to voluntarily report changes in income and circumstances that may increase benefits any time during the quarter, that the increase will be based on when the change was reported and provide for increases in one program that may result in a decrease in another program, i.e., the CalWORKs grant is increased resulting in a food stamp benefit decrease.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(d)(1), (2), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specifies that a household may report verbally or in writing any changes in income or circumstances that may increase the recipient's benefits. It also states that counties must act upon voluntarily reported changes that would increase benefits during the quarter. The change is acted upon when it is reported not when it occurred. This is necessary to avoid retroactive recalculation of benefits and reconciliation of benefits issued, which would result in a substantial county workload prone to program error. It is also necessary to comply with the QR process for mid-quarter changes. Welfare and Institutions Code Section 11265.2(d) provides for no benefit adjustments during the quarter unless as specified in Welfare and Institutions Code Section 11265.3. A change in the CalWORKs program to increase benefits may result in a decrease in food stamp benefits. The decrease would not be acted on during the quarter.

Final Modification:

At the Department's discretion, in Section 63-509(d), a cross reference is added for clarification. In Section 63-509(d)(1), the phrase "or is reported, whichever is later," is added after "occurs." It is added for clarity to ensure that the appropriate action is taken when changes are reported mid-quarter.

Section 63-509(d)(3)

Specific Purpose:

The section is adopted to specify that verification is required when the household reports a decrease in income; which would result in increased benefits, or when a new household member is reported.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(d)(2) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that counties shall act upon changes in income reported during the quarterly reporting period that result in an increase in benefits after verification is received. This section complies with current food stamp regulations for verification procedures. This section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Final Modification:

As a result of public comment, clarification is added at the end of the first sentence to include verification for any situation where benefits would be increased. The first sentence now reads: "Verification shall be requested immediately from the recipient when there is a decrease in income or a new household member is reported in the household, or for other changes that would require verification when benefits are increased."

Sections 63-509(d)(4) through (d)(4)(B)

Specific Purpose:

These sections are adopted to state that the effective date for increases in benefits is determined differently than increases due to adding a new household member.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(d)(2) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that counties shall act upon changes in income reported during the quarterly reporting period that result in an increase in benefits. Increases for mid-quarter changes can be made at any time during the quarter. The provision for adding a new member to the household remains the same under current food stamp regulations, which is to add on the first of a month during the quarter. With regard to adding the individual at the beginning of the month, these sections are necessary to ensure the continuation of current requirements that remain relevant for QR households.

Final Modification:

See Final Modification for Sections 63-509(d), (d)(1) and (2).

Section 63-509(d)(5)

Specific Purpose:

This section is adopted to clarify how to recalculate benefits mid-quarter when there are two household members with income and one member experiences a decrease in income. Only the decreased income of the one member is used to recalculate benefits.

Factual Basis:

Welfare and Institutions Code Section 11265.2(d) as amended by AB 444 (Chapter 1022, Statutes of 2002) provides that grant calculations may not be revised except as provided in Welfare and Institutions Code Sections 11265.3(e), (f), (g), and (h), and as otherwise established by the Department. Section 71 of AB 444 specifies that QR shall be implemented through an ACL developed in consultation with the County Welfare Directors Association, Western Center on Law and Poverty, and other interested parties. This policy was developed after consultation with these groups.

Section 63-509(d)(6)

Specific Purpose:

This section is adopted to clarify how to recalculate benefits mid-quarter when there are two different sources of income and only one source decreases during the QR Payment Quarter. Only the decreased income is used to recalculate benefits.

Factual Basis:

Welfare and Institutions Code Section 11265.2(d) as amended by AB 444 (Chapter 1022, Statutes of 2002) provides that grant calculations may not be revised except as provided in Welfare and Institutions Code Sections 11265.3(e), (f), (g), (h), and as otherwise established by the Department. Section 71 of AB 444 specifies that QR shall be implemented through an ACL developed in consultation with the County Welfare Directors Association, Western Center on Law and Poverty, and other interested parties. This policy was developed after consultation with these groups.

Sections 63-509(d)(7), (7)(A), (7)(B), and Handbook

Specific Purpose:

These sections are adopted to provide a "No Change Notice of Action (NOA)" to households that have made a mid-quarter voluntary report to increase benefits when benefits cannot be increased.

Factual Basis:

This is a necessary addition to the QR process since households are allowed to report changes that would increase benefits mid-quarter. The household is expecting benefits to be increased unless they are notified otherwise. The notice is beneficial to the household to inform about the current status of their benefits and it also acts as a reminder to the household to report the information on the next QR 7. If the household reports a change that is expected to increase benefits, but benefits cannot be increased, the household must report the information on the QR7. Otherwise, the QR 7 is considered incomplete. The "No Change NOA" is crucial to the functioning of the QR mid-quarter process. The Handbook provides a reference to the QR 377.4 form which includes a check box for informing households that any voluntary reports must be reported on the next QR 7.

Final Modification:

As a result of public comment, in Section 63-509(d)(7), a timeframe for sending a "No Change Notice" is inserted. The new sentences read: "The "No Change NOA" must be sent within 30 days of the reported change. The NOA must remind the recipient to re-report the change on the QR 7." In Handbook, in the first sentence, the word "processing" is changed to "beginning to process" for clarity of understanding. The last sentence in

Handbook is deleted since it is not pertinent to the section and incorrectly placed in this section.

Post-Hearing Modification

Section 63-509(d)(7)(C)

Specific Purpose:

This section is adopted to comply with instructions from the Food and Nutrition Service that the CWD must discontinue a non-assistance Food Stamp household when it makes a voluntary mid-quarter report of income that exceeds 130 percent of the Federal Poverty Level. Only voluntarily reported income of the NAFS household exceeding 130 percent of FPL, excluding the mid-quarter report of a new household member and his/her income, shall render the NAFS household ineligible. [Refer to Section 63-509(f)(4)(A).]

Factual Basis:

The FNS amended the QR Waiver in a letter dated July 16, 2004 to require discontinuance of Non-assistance Food Stamp households that voluntarily report income mid-quarter above 130 percent of the Federal Poverty Level.

Final Modification:

As a result of 15-day renote testimony, the second sentence is being amended to be consistent with the wording in the previous sentence. The phrase is amended from "...the new household member" to "...a new household member." This is added for consistency and is not a substantive change.

Sections 63-509(e), (e)(1) and Handbook

Specific Purpose:

These sections are adopted to specify that when a mid-quarter report is made, the CWD must recalculate benefits to determine if benefits can be increased in the current month. The section also states that benefits must be determined by averaging income over the current and remaining months in the quarter. Clarification is also provided for using a CalWORKs supplement in the FSP.

Factual Basis:

Welfare and Institutions Code Section 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003) specifies that when mid-quarter reports are made and increases in benefits result, the CWD must redetermine eligibility by averaging the actual gross monthly income reported and verified from the voluntary report for the current month and the future month remaining in the quarterly reporting period. Policy clarification is provided to explain that when the CalWORKs grant is increased with a supplement, the new CalWORKs grant

amount to be used in the food stamp budget includes the original grant and the supplement. The Handbook section illustrates how a mid-quarter increase is calculated as guidance to counties.

Section 63-509(e)(2) and Handbook

Specific Purpose:

This section is adopted to specify that when a change in income is reported for the first time on the QR 7 rather than as a mid-quarter voluntary report, the CWD shall treat the report of decreased income as a voluntary mid-quarter report. Handbook further clarifies that changes that occurred in the Submit Month and are reported on the QR 7 will be considered voluntary reports.

Factual Basis:

Welfare and Institutions Code Section 11265.3(d)(1) specifies that a household may report a change during the quarterly reporting period verbally or in writing that may increase the household's benefits. In this situation, if the QR 7 is received in the Submit Month and decreased income is reported for the first time, the CWD must consider supplementing the household in that month. In most cases, the CWD will contact the household for more information to determine if a supplement can be issued.

Final Modification:

As a result of public testimony, in Handbook, the sentence is reworded for clarification of how to treat reports of information received in the Submit Month. The sentence now reads: "Household changes that occur in the Submit Month and are reported on the QR 7 will be considered voluntary mid-quarter reports, and acted upon as such."

Section 63-509(e)(3) and Handbook

Specific Purpose:

This section is adopted to explain that income already reported and used to determine benefits for the QR Payment Quarter cannot be averaged later in the quarter if the income has not changed. The example in Handbook illustrates the problem.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) states that grant calculations may not be revised to adjust the grant amount during the quarterly reporting period, except as provided in Welfare and Institutions Code Section 11263.3 and subdivisions (e), (f), (g), and (h), and as otherwise established by the Department. The Department made the decision that income cannot be re-averaged once it has been used to determine eligibility.

Post-Hearing Modification:

Section 63-509(e)(4) and Handbook

Specific Purpose:

This section is adopted to clarify how to treat situations in which the household reports two or more changes on the same date. It clarifies that changes reported on the same date need to be evaluated separately and according to the sequence of occurrence, including reports of mandatory and voluntary mid-quarter changes.

Factual Basis:

Welfare and Institutions Code Section 11265.3(c) as amended by AB 1402 (Chapter 398, Statutes of 2003) specifies that the CWD shall redetermine eligibility and benefit amounts when reports of changes are made during the quarterly reporting period. Also, Section 11265.2(d) specifies that the CWD may determine how benefits are calculated. Therefore, evaluating changes sequentially in order of occurrence is allowable in statute.

Sections 63-509(f) and (f)(1) through (f)(1)(E)

Specific Purpose:

These sections are adopted to allow households to make voluntary mid-quarter reports of changes in household composition and to specify to CWDs that only reported changes that increase benefits will be acted on during the quarter. These sections also provide the steps to be taken by the CWD when a new person is reported in the household.

Factual Basis:

Welfare and Institutions Code Section 11265.3(c) as amended by AB 1402 (Chapter 398, Statutes of 2003) specifies that the CWD shall redetermine eligibility and benefit amounts when voluntary reports are made during the quarterly reporting period. This would apply to all changes reported mid-quarter that result in an increase to benefits. This section outlines the steps needed to redetermine eligibility and benefit amounts mid-quarter for new members reported in the home mid-quarter.

Sections 63-509(f)(2), (f)(2)(A), (f)(2)(B), and Handbook

Specific Purpose:

This section is adopted to specify that when all verification is received and all eligibility factors are met and benefits can be increased, the new household member is added the first of the month following the month in which the change was reported. The Handbook section provides examples for adding an individual to the household.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(d)(2) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that counties shall act upon changes in income and circumstances reported during the quarterly reporting period that result in an increase in benefits. Increases for mid-quarter changes can be made at any time during the quarter. The provision for adding a new member to the household remains the same under current food stamp regulations, which is to add on the first of a month during the quarter. With regard to adding the individual at the beginning of the month, this section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Sections 63-509(f)(3) and (f)(3)(A)

Specific Purpose:

These sections are adopted to specify that, after a redetermination of eligibility and benefits has been made and benefits would be decreased, no action is taken and that a No Change NOA must be sent to the household informing that benefits cannot be increased.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(d)(2) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that counties shall act upon changes in income and circumstances reported during the quarterly reporting period that result in an increase in benefits. If the household reports a change that is expected to increase benefits, but benefits cannot be increased, the household must report the information on the QR 7. Otherwise, the QR 7 is considered incomplete. The "No Change NOA" is crucial to the functioning of the QR mid-quarter process.

Final Modification:

At the Department's discretion, the title of Section 63-509(f)(3) is amended to more clearly describe the section that follows. The title now reads: "Household Composition Change Results in Decreased Benefits."

Section 63-509(f)(3)(A)1.

Specific Purpose:

This section is adopted to clarify that a reported death of a household member is treated as a voluntary mid-quarter report for discontinuance of benefits for the individual.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) states that benefit calculations may be revised to adjust the benefit amount during the quarterly reporting period, except as provided in Welfare and Institutions Code Section 11265.3 and subdivisions (e), (f), (g), and (h) and as otherwise established by the Department.

Section 63-509(f)(3)(B)

Specific Purpose:

This section is adopted to specify that the QR 7 is used to determine benefits for the next QR Payment Quarter and that a 10-day notice is required before benefits can be changed. The earliest the case can be discontinued is at the end of the Submit Month.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that eligibility must be determined using prospective budgeting and reasonably anticipated income rules over the QR Payment Quarter. The 10-day noticing requirement is in accordance with current requirements in the FSP.

Sections 63-509(f)(4) and (f)(4)(A)

Specific Purpose:

The section is adopted to specify what the CWDs actions are when adding a new household member results in ineligibility. If benefits cannot be increased, a NOA must be sent to the household informing them and also to remind them to report the change on the next QR 7.

Factual Basis:

Welfare and Institutions Code Section 11265.1 as amended by AB 444 (Chapter 1022, Statutes of 2002) describes the information that must be included on the QR 7 and also action to be taken if the report is not complete. The household is responsible for completing the QR 7 under penalty of perjury and for including all changes on the form. The new member must be reported on the QR 7 and eligibility determined for the next QR Payment

Quarter. If ineligibility results, the earliest the household can be discontinued is the end of the Submit Month.

Final Modification:

The FNS amended the QR waiver in a letter dated July 16, 2004 to require discontinuance of NAFS households that voluntarily report income mid-quarter above 130 percent of the FPL. To comply with instructions from FNS, the CWD must discontinue a NAFS household when it makes a voluntary mid-quarter report of income that exceeds 130 percent of the FPL. The regulations are amended accordingly.

Sections 63-509(g) through (g)(2)

Specific Purpose:

These sections are adopted to specify that the household may request discontinuance of benefits as a mid-quarter change. Clarification is provided for requests that are made either verbally or in writing.

Factual Basis:

Welfare and Institutions Code Section 11265.3(e) as amended by AB 1402 (Chapter 398, Statutes of 2003) specifies that during the quarterly reporting period, a household may request that the county discontinue benefits. If the request is verbal, the county shall provide a 10-day notice before discontinuing benefits. If the request is in writing, the county shall discontinue benefits effective the end of the month in which the request is made and issue a notice of discontinuance.

Sections 63-509(h) and (h)(1) through (h)(1)(E)

Specific Purpose:

These sections are adopted to specify the mid-quarter adjustments to benefits can also be made as a result of county-initiated actions.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d), (e), (f), (g), and (h) specify those instances where the CWD can make a mid-quarter adjustment, called mid-quarter county-initiated actions. Those actions consist of sanctions or financial penalties, benefits decreased due to the approval of a household member in another household, discontinuance due to county transfers, status changes in the California Food Assistance Program, and reports of "known to county" information, such as cost-of-living adjustments or changes in public assistance benefits and income match information from automated systems, etc.

Final Modification:

As a result of public comment, a Handbook section is added after Section 63-509(h)(1)(C) to provide examples on how to avoid payment of duplicate benefits. It is added to clarify when a CWD would take a mid-quarter county-initiated action when a household member applies for benefits in another household and is approved for benefits.

Post-Hearing Modification

Sections 63-509(h)(1)(F), (G), (H), and (I)

Specific Purpose:

These sections are being adopted to describe three additional county-initiated actions that will occur in which the CWD must take mid-quarter action. Section 63-509(h)(1)(F) lists cost-of-living adjustments (COLAs); Section 63-509(h)(1)(G) adds adjustments due to erroneous or incomplete recipient QR 7 or mid-quarter reports of information or lack of action by the county on the QR 7 or mid-quarter recipient reports, and Section 63-509(h)(1)(H) adds the three-month time limit for an ABAWD when it ends mid-quarter or for an ABAWD who has regained eligibility and subsequently stops meeting the work requirements. Section 63-509(h)(1)(I) provides authority to discontinue a case mid-quarter if recertification falls outside the Submit Month and ineligibility is determined during the recertification process.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d), (e), (f), (g), and (h) specify those instances where the CWD can make a mid-quarter adjustment, called mid-quarter county-initiated actions. Welfare and Institutions Code Section 11265.2(d) provides flexibility for the Department to determine grant adjustments as otherwise established by the Department. Those actions requiring county-initiated mid-quarter actions consist of sanctions or financial penalties, benefits decreased due to the approval of a household member in another household, discontinuance due to county transfers, status changes in the California Food Assistance Program, and reports of “known to county” information, such as cost-of-living adjustments or changes in public assistance benefits and income match information from automated systems, etc.

Section 63-509(h)(2)

Specific Purpose:

This section is adopted to clarify that there is one exception to county-initiated mid-quarter actions in regard to recoupment of benefits for over-issuances. Recoupment will always begin with the beginning of a new quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) states that benefit calculations may be revised to adjust the benefit amount during the quarterly reporting period, except as provided in Welfare and Institutions Code Section 11265.3 and subdivisions (e), (f), (g), and (h) and as otherwise established by the Department.

Sections 63-509(h)(3) through (h)(3)(B) and Handbook

Specific Purpose:

These sections are adopted to clarify what "known to county" information is and what action the CWD must take when the information becomes known. The Handbook section provides examples for clarification of policy.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d), (e), (f), (g), and (h) specify those instances where the CWD can make a mid-quarter adjustment, called mid-quarter county-initiated actions. Those actions consist of sanctions or financial penalties, benefits decreased due to the approval of a household member in another household, discontinuance due to county transfers, status changes in the California Food Assistance Program, and reports of "known to county" information, such as cost-of-living adjustments or changes in public assistance benefits, and match information from automated systems, etc. The Handbook section adds clarification for mid-quarter actions due to "known to county" information received by the CWD.

Section 63-509(h)(3)(C)

Specific Purpose:

These sections are adopted to specify that actions will not be taken against the household when the information received by the county was not required to be reported by the household. Also, information known to the county that may increase benefits cannot be acted on by the CWD unless the recipient reports the change in writing, verbally, or in person.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d), (e), (f), (g), and (h) specify those instances where the CWD can make a mid-quarter adjustment, called mid-quarter county-initiated actions. Those actions consist of sanctions or financial penalties, benefits decreased due to the approval of a household member in another household, discontinuance due to county transfers, status changes in the California Food Assistance Program, and reports of "known to county" information, such as cost-of-living adjustments or changes in public assistance benefits, and match information from automated systems, etc.

Section 63-509(i)

Specific Purpose:

This section is adopted to define the concept of “third party information” as opposed to “known to county information” in QR. This section is adopted from current regulations and is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

Third party information is not “known to the county” information such as changes in CalWORKs benefits, but is a report received from an anonymous source about a household’s circumstances. A definition of the two types of information is necessary for clarity and to avoid any confusion in terms by the CWDs.

Final Modification:

At the Department’s discretion, the last sentence of this section is repealed because this information is stated in Section 63-509(k).

Section 63-509(j) and Handbook

Specific Purpose:

This section is adopted from current regulations and is necessary to continue current requirements that have not been changed by QR law for QR households. This section clarifies how information received from systems matches are to be handled when the match information becomes known to the county.

Factual Basis:

Current regulation requires that CWDs treat systems match information as “known to county” information. Because match information received is over three months old, the treatment of the information is specific. For example, the information will be used to determine if the household reported correctly on past QR 7s, determine if an overissuance needs to be completed or a fraud referral made, or to clarify questionable current eligibility. Current match systems include the following: Income and Eligibility Verification System (IEVS), Payment Verification System (PVS), Integrated Fraud Detection/Earnings Clearance System (IFD), Franchise Tax Board (FTB), Asset Match/Internal Revenue Service (IRS) Match, Beneficiary Earnings Exchange Record (BEER), New Hire Registry (NHR) and other matches from special investigative units.

Final Modification:

As a result of public comment, in Handbook, a title inserted before the examples is given to clarify the match system examples following the title. The title reads: “Examples of Match Systems information include, but are not limited to:”

Section 63-509(k)

Specific Purpose:

This section is adopted to provide guidance to CWDs when third party and/or “known to county” information brings eligibility into question. This adoption is necessary to continue current requirements that have not been changed by QR law for QR and change reporting households.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant under QR. When conflicting information from third party or from information received by the CWD and was known by the CWD, the CWD must contact the recipient for resolution. Also, the third party or “known to county” information would only impact the household if it was information the household was required to report to the CWD.

Section 63-509(l) and Handbook

Specific Purpose:

This section is adopted to provide guidance for handling multiple changes that occur at the same time and sequentially. Reported circumstances are not combined to effect a change in benefits. The Handbook section provides examples for treating multiple changes that are reported at the same time.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) states that benefit calculations may be revised to adjust the benefit amount during the quarterly reporting period, except as provided in Welfare and Institutions Code Section 11265.3 and subdivisions (e), (f), (g), and (h), and as otherwise established by the Department. The Handbook section gives examples for clarification of the treatment of multiple changes when they are reported to the CWD.

Section 63-509(m)

Specific Purpose:

This section is adopted to explain changes that the report of a new household member in the third month of the QR Payment Quarter will be held over to the first of the next quarter and also the collection of over-issuances.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) states that benefit calculations may be revised to adjust the benefit amount during the quarterly reporting period, except as provided in Welfare and Institutions Code Section 11265.3 and subdivisions (e), (f), (g), and (h), and as otherwise established by the Department.

Sections 63-509(n) through (n)(2)

Specific Purpose:

These sections are adopted to specify the difference between restorations of benefits and reapplications of benefits. These sections are duplicated from current regulations and are necessary to continue current requirements that have not been changed by law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households.

Section 63-801.311(c)(2) and Handbook

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by law for QR reporting households in regard to the household failing to timely report changes if they are a change reporting or QR household. This is a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form. This section replaces the term "Nonmonthly Reporting" with "Change Reporting." A Handbook section is added to provide an example of how a claim would be established for failure to timely report in both a change reporting and QR household.

Factual Basis:

This section is duplicated from current regulations and is necessary to continue current requirements that have not been changed by law for QR households.

Section 63-801.737 and Handbook

Specific Purpose:

This section is adopted to comply with the QR rule that overissuance adjustments for QR households are initiated only at the beginning of a quarter. Handbook provides some guidance for the determination of O/Is in QR.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(d) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2003) establishes QR and states that counties shall redetermine recipient eligibility and benefit amounts on a quarterly basis using prospective budgeting. Therefore, it is necessary to adopt regulations pertinent to over-issuances and under-issuances in the FSP for QR households. Welfare and Institutions Code Section 11265.2(d) allows CWDs to adjust the benefit amount during the QR period as otherwise established by the Department. Handbook sections provide guidance to CWDs for establishing claims against households in a QR system.

Final Modification:

As a result of public comment, in Handbook, the “NOTE” section is reworded for clarification. It now reads: “For NAFS households, this is not a mandatory mid-quarter report. The county shall act to discontinue the mother upon timely and adequate notice based on the subsequent QR 7.”

Section 63-804.623

Specific Purpose:

This section is amended to continue current requirements that have not been changed by law for households participating in the FSP. This amendment consists only of a change in reference from CA 7 to QR 7, and does not affect a household's current responsibilities to file a request for hearing. This is a nonsubstantive change replacing an obsolete monthly reporting form with the appropriate QR form.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) specify that if a QR household wants to file a request for hearing for no submittal of a complete QR 7, then that household must file its request prior to the effective date of termination of benefits.

Section 63-804.641

Specific Purpose:

This section is amended to continue current requirements that have not been changed by law for households participating in the FSP. This amendment consists only of a change in reference from CA 7 to QR 7, and does not affect a household's current responsibilities to continue to report household changes to the CWD until the end of its certification period. This is a nonsubstantive change replacing an obsolete monthly reporting form with the appropriate QR form.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) specify the reporting requirements for QR households, which include continuing to file QR 7s until the end of the household's certification period.

Sections 63-804.642(e) and (f)

Specific Purpose:

These sections are amended to continue current requirements that have not been changed by law for households participating in the FSP. These amendments consist only of changes in reference from CA 7 to QR 7, and do not affect the list of situations that may occur while a hearing decision is pending. These are nonsubstantive changes replacing an obsolete monthly reporting form with the appropriate QR form.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) specify which situations will affect whether benefits are reduced or terminated, prior to the receipt of the official hearing decisions.

Final Modification:

As a result of public comment, in Section 63-804.642(e), a typographical error is corrected: “requires” is changed to “request.”

b) Identification of Documents Upon Which Department Is Relying

- Assembly Bill 444 (Chapter 1022, Statutes of 2002)
- Assembly Bill 692 (Chapter 1024, Statutes of 2002)
- Assembly Bill 1402 (Chapter 398, Statutes of 2003)
- Waiver request to the Food and Nutrition Service dated November 1, 2002
- Food and Nutrition Service response dated April 1, 2003 in response to CDSS' waiver request

c) Local Mandate Statement

These regulations impose a mandate upon county welfare departments but not on school districts. There are no state-mandated local costs in these regulations which require state reimbursement under Section 17500 et seq. of the Government Code. If the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars, reimbursement shall be made from the States Mandates Claims Fund. It is anticipated that overall savings to the General Fund will occur as a result of implementation of these regulations.

d) Statement of Alternatives Considered

CDSS has determined that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective and less burdensome to affected private persons than the proposed action.

e) Statement of Significant Adverse Economic Impact On Business

CDSS has made a determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

f) Testimony and Response

These regulations were considered at the Department's public hearing held on August 25, 2004. There was no oral testimony presented. Written testimony was received from the County of Los Angeles Department of Public Social Services (LADPSS), Legal Services of Northern California (LSNC), and Shasta County Department of Social Services (SCDSS).

Section 63-034.4(12)QR

1. Comment:

“Does CalWORKs use the same definition for Conversion Factor? Suggest that both CalWORKs and Food Stamps use the same definitions for consistency.” (SCDSS)

Response:

The CalWORKs program does not specifically define “Conversion Factor” in their definitions section. The Food Stamp Program does define the term in its definition section. The definition in FSP regulations does not vary from its usage in the CalWORKs program. Therefore, CDSS will not make any changes to this regulation section.

Section 63-102(c)(11)

2. Comment:

“We recommend the change indicated below for consistency and clarity.

“(QR) “Change Reporting Household” means a household consisting of seasonal and/or migrant farm workers, all elderly or disabled individuals or households with all homeless individuals. These households are required to report income, resource and household circumstance changes within 10 days of the occurrence. Benefits are increased or decreased based on these reported changes, *pursuant to QR procedures*.” (LSNC)

Response:

Change reporting households are not subject to Quarterly Reporting (QR). Therefore, the statement “pursuant to QR procedures” is not applicable and CDSS will not consider inserting the statement where it may confuse change reporting procedures.

Section 63-102(c)(13)

3. Comment:

“We recommend the changes indicated below for the following reasons:

- “1) The county should not be issuing duplicate benefits, so “approval of benefits for a household member in another household” better reflects the change;
- “2) IEVS matches can be used mid-quarter only for purposes of calculating an OI, but that OI collection cannot start until the beginning of a quarter. So, this is not a true “required mid-quarter action” regarding eligibility status.
- “3) The changes in grant language should be clarified, so as not to imply that a change in the PA grant that would lead to a decrease in FS is a mid-quarter action.

“(QR)“County Initiated Mid-Quarter Actions” means the changes in eligibility status based on case information that the CWD is required to act on hindquarter such as sanctions, financial penalties, ~~duplication~~ approval of benefits for a household member in another household, the end of an inter-county transfer, ~~known to county information like electronic wage matches~~, or changes in public assistance grants that result in an increase in Food Stamps. (Continued)” (LSNC)

Response:

CDSS agrees with the comment and will clarify in regulations that a county-initiated change will occur when benefits are approved for a household member in another household and to delete information that is known to county since it may or may not result in a mid-quarter change.

Section 63-102(q)(1) through (5) and throughout

4. Comment:

“Change “data” month to “report” month, to be consistent with information provided to applicant and recipients.” (LSNC)

Response:

In researching the regulations with regard to this comment, the term “report” month is used correctly in sections marked (MR) for Monthly Reporting households. Sections marked (MR) are unchanged and may, eventually, be removed from regulations. However, in Section 63-508.631, the term “report” month is incorrectly used for QR and now reads “Submit” month.

Section 63-103.2(d)(4)(QR)

5. Comment:

“Suggest adding language in bold - Your Right and Responsibilities. The DFA 285-A3 QR is a required form, **except under Section 63-300.2 for joint applications with CalWORKs**, no substitutes permitted. The form is used to inform QR food stamp applicants of their rights and responsibilities and to certify that applicants understand those rights and responsibilities and the penalties for noncompliance.” (SCDSS)

Response:

CDSS agrees with the concept to indicate that the DFA 285-A3 is used for non-cash aided food stamp applicants, but disagrees with the reference to Section 63-300.2. Instead, the section will be revised to indicate that the form is used for food stamp only applications. It will read: “The form is used to inform households applying only for the food stamp benefits of their rights and responsibilities and...”

Section 63-103.2d.(17) (DFA 377.4)

6. Comment:

“The current regulation seems to indicate that the DFA 377.4 “FS Notice of change for Change Reporting HH” will also be used to notify both change reporting and QR/PB Households of no change in benefits when a HH has made a mid-quarter report. Indeed, the form itself, but for the title, appears to apply to both change and QR households. We recommend that this be clarified, either by having different forms for change and QR households, or to change the title to “food Stamp Notice of Change.” (LSNC)

Response:

The DFA 377.4, Food Stamp Notice of Change, has been replaced with two forms: the DFA 377.4(QR) (01/04), Food Stamp Notice of Change for Change Reporting Household, and the QR 377.4, Food Stamp Notice of Change for Quarterly Reporting Household”. For reference, All-County Information Notice No. I-30-04 describes how these forms were changed. CDSS agrees with the comment in that the last sentence describing the form in regulations is incorrect in regard to the form. The sentence reads, “It also acts to inform a household that there is no change in benefits when a household has made a mid-quarter report”. CDSS will delete the last sentence from the description.

Section 63-103.2q.(3)(QR)

7. Comment:

“This section should be modified to reflect the QR 3 can be used by FSHH reporting mandatory and/or voluntary Mid-Quarter changes in writing.” (SCDSS)

Response:

CDSS agrees with this comment and will revise the section to read: “This form is used for CalWORKs and Food Stamp Program households that choose to report mandatory and/or voluntary mid-quarter changes in writing.”

Section 63-103.2q.(8) (QR 285-B)

8. Comment:

“This Food Stamp Budget Worksheet should be a mandatory form. FS and state regulations re: adequate notice require the budget be sent. It is important that this be a form that contains all the correct information. It is unclear why this is not mandatory.” (LSNC)

Response:

Income must be calculated according to the guidelines given in regulation. The budget worksheet is a guide and help to counties when a handwritten calculation needs to be made outside of an automated system. Counties have automated systems that are programmed to calculate income according to those guidelines in regulations. The Food Stamp Budget Worksheet is an existing form, which will continue to carry the form’s original designation. It was only changed to incorporate QR budget calculation changes and is a “paper” backup form to automated systems.

Section 63-103.2q.(11)(QR)

9. Comment:

“This section should be modified by deleting the term ‘suspensions’ as they are no longer possible under QR/PB (SCDSS)

Response:

CDSS agrees with this comment and will delete the term “suspensions.”

Section 63-103.2q.(12)(QR)

10. Comment:

“We recommend amending the following section to include:

“Manual Section 63-103.2q.(QR)(12)

“The OR 377.5 is used by Quarterly Reporting Food Stamp households to report mandatory and voluntary mid-quarter changes.

“We also recommend changes for the Initial Statement of Reasons section page 15, as follows:

“Section 63-13.2q.(12) (sic)

“This section is adopted to include the QR form entitled “QR 377.5.” This form is used to report information on changes in household circumstances by households ~~not~~ subject to QR.” (LADPSS)

Response:

CDSS agrees with the addition of this form, which was inadvertently omitted from regulations. The DFA 377.5 was listed in error in Section 63-103q.(12) and is moved to Section 63-103.2d.(18). The QR 377.5 is added in place of the DFA 377.5 in Section 63-103q.(12).

11. Comment:

“The QR regulations do not say whether this Food Stamp Household Change Report is mandatory and/or if changes are permitted with or without approval.” (LSNC)

Response:

The actual form does not carry a designation of “required” because change reporting households are not required to use this form. They have options to call in a change, write it down or to come into the office to report. The form is provided to the food stamp participant for the convenience of the food stamp change reporting participant to use as an option for reporting changes.

Section 63-503.14

12. Comment:

“We recommend that here, and throughout, the use of the term “estimated” is not used. This term does not appear in the authorizing statute, and implies some different standard than “reasonably anticipated,” which is the statutory term.

“(QR) Determination of benefits in a change reporting household, based on reported, ~~estimated~~ or anticipated changes, may result in a household being eligible for the month of application, but ineligible in the subsequent month.” (LSNC)

Response:

Sections 63-503.14(MR), .15(MR) and 63-504.266(MR) are not subject to the type of change requested by the commenter due to the tandem MR/QR formatting of this regulation package. These sections refer to Change Reporting households where regulations are not changed based on QR rules. Refer to page 1 of the Statement of Reasons for further information regarding the tandem format. All sections marked MR remain unchanged. Therefore, the term “estimated” as used in these particular sections will remain unchanged. However, in sections marked QR, the term “estimated” will be removed from those sections where it is incorrectly used. CDSS has identified the incorrect usage of the term in Sections 63-503.141(QR), 63-503.151(QR) and 63-

504.266(QR) and will delete it from those sections. In Section 63-503.15(QR), the term is used correctly as this section refers to change reporting households that were not impacted by QR rules.

Section 63-503.151(QR)

13. Comment:

“The above section is confusing. It appears to be referencing Change Reporting HHs but references QR HHs. The bolded sentences above specifically are confusing. How can a QR FSHH allotment change in the quarter? Are all households considered QR HHs? (SCDSS)

Response:

Part of the confusion is due, in part, to the tandem MR/QR format established for these regulations to differentiate between MR rules and QR rules. However, in the Food Stamp Program, CDSS also had to differentiate between QR and Change Reporting household rules. Refer to the Statement of Reasons for a further example of the tandem format. Section 63-503.15 sets aside rules for Change Reporting households that must be retained in QR regulations. Section 63-503.151 sets aside rules for QR households at application. The three topics needed to be retained in tandem are the difference in the first month of eligibility due to date of application, averaging of income and establishment of the certification period. In reviewing Section 63-503.151 and for clarity of making the three tandem topics more understandable, the wording will be revised to read: “As a result of reported or anticipated changes in a QR household, the household’s allotment for the month of application may differ from its allotment in subsequent months. The household’s allotment may vary within the quarter to reflect changes reported during the QR Payment Quarter. The averaging techniques in Sections 63-509(a)(4), (a)(5) and (a)(6) are used to determine income in a quarter. The CWD shall establish the household’s certification period in accordance with Section 63-504.1.” The last sentence of the section, “The CWD may match certification periods with QR reporting cycles,” was inserted initially as information for CWDs, but is now deleted.

Section 63-503.242(b)(1)(QR)

14. Comment:

“Suggest both CalWORKs and Food Stamps use the same language for consistency. Also Recommendation: Revert back to the original guidance of the ACL 03-18 using conversion factors only for income considered stable as defined in the ACL and continue to apply the averaging methodology to all other income, known as fluctuating in the ACL. (SCDSS)

Response:

This section will be revised to differentiate between Change Reporting households and QR households due to the tandem nature of this section. The whole MR section is repeated and provides more clarification between change reporting rules and QR rules. The revised section will read: “Income reasonably anticipated during the certification period shall be counted as income only in the month it is expected to be received, unless the income is averaged. The CWD shall use the exact monthly figure if it can be reasonably anticipated. For Change Reporting households, whenever a full month’s income is anticipated but is received on a weekly or biweekly basis, the CWD shall convert the income to a monthly amount by multiplying weekly amounts by 4.33 and bi-weekly amounts by 2.167 if the exact amount is not known. For QR households, whenever a full month’s income is anticipated but is received on a weekly or biweekly basis throughout the QR Payment Quarter, the CWD shall convert the income to a monthly amount by multiplying weekly amounts by 4.33 and biweekly amounts by 2.167, as provided in Section 63-509(a)(5).

Section 63-503.311(QR) (Incorrectly cited by commenter as Section 63-502.311(QR))

15. Comment:

“Suggest adding language in bold- To determine a change reporting household’s net monthly income, unless the household contains a member who is elderly or disabled as defined in Section 63-102(c), the CWD shall follow the steps listed below. For QR/PB households the steps listed below shall be followed after income is averaged **or converted** over the QR/PB Payment Quarter as specified in Section 63-509(a)(4).” (SCDSS)

Response:

The correct regulation cite is Section 63-503.311(QR). CDSS does not agree with this comment. If the word “converted” is used here, it would need to be added throughout the regulations whenever the word “averaged” is used. Also, conversion is a sub-function of averaging rules. However, this section refers to averaging rules at Section 63-509(a)(4). CDSS has added a reference in this latter section to Section 63-509(a)(4)(A)2., which indicates the usage of conversion factors when income is averaged over the QR Payment Quarter.

Sections 63-503.312 and .322 (Incorrectly cited by commenter as Sections 63-502.312 and .322)

16. Comment:

“Same as in 63-502.311” (SCDSS)

Response:

The correct regulation cites are Sections 63-503.312 and .322 (QR). See Response to Comment #12.

Section 63-503.325 (QR) (Incorrectly cited by commenter as Section 63-502.325)

17. Comment:

“Now that all California Counties are issuing Food Stamp Benefits via EBT why is this regulation still applicable? Counties no longer use Food Stamp coupons.” (SCDSS)

Response:

The correct regulation cite is Section 63-503.325(QR). CDSS agrees with this comment that coupons are no longer used. However, the change being suggested is outside the scope of QR and cannot be justified in this regulations package because how coupons or EBT benefits are issued is outside the scope of these QR regulation changes.

Section 63-503.329 (QR) (Incorrectly cited by commenter as Section 63-502.329)

18. Comment:

“Are there any FSHHs that might be C/E?” (SCDSS)

Response:

The correct regulation cite is Section 63-503.329(QR). This section dealing with CE is a tandem MR/QR formatted regulation that is not subject to the type of comment provided by the commenter because C/E remains unchanged in the QR system.

Section 63-503.91 (QR) (Incorrectly cited by commenter as Section 63-502.91(QR))

19. Comment:

“Are these change reporting HHs in any type of retrospective budgeting? 63-504.711 doesn’t give guidance on retro budgeting. This section is confusing.” (SCDSS)

Response:

The correct regulation cite is Section 63-503.91(QR). CDSS agrees with this comment and will revise the section to delete the phrase: “except they shall continue to be retrospectively budgeted, as specified in Section 63-504.711.”

Section 63-504.263(a)

20. Comment:

“This regulation should indicate, per 22-072.4, that the 10 day period does not include the date of mailing or the effective date. This recurs at 63-508.62. (Putting this information in the definitions may be the most effective means of addressing this issue, as “10-day notice” is used many times in the regulations.)” (LSNC)

Response:

This regulation is a tandem Monthly Reporting/Quarterly Reporting (MR/QR) regulation that is not subject to the type of comment given by the commenter because the 10-day rule is not subject to change in QR.

Section 63-504.511

21. Comment:

“We did not understand why counties could or should omit the verbal explanation of the QR system at certification. We therefore recommend deleting the italicized language, below:

“The CWD shall provide the household with information as specified in Section 63-300.41. If the CWD implements the change during the certification period, *it may omit the verbal explanations for QR/PB.*” (LSNC)

Response:

The commenter is mixing actions taken at recertification with actions taken during the certification process. The second sentence of the regulation states that if a change occurs during the certification period, not at recertification, the CWD may omit the verbal explanation. This QR section is a duplicate of the existing MR section except for those changes that directly relate to QR changes. Therefore, this regulation is not subject to the type of comment provided by the commenter.

Section 63-504.521(a)(QR)

22. Comment:

“This section is confusing. Does the following bolded sentence mean that PA and Mixed FSHH are just not notified within 10 days of the date the CWD becomes aware of the change or does it mean that the PA and Mixed FSHHs must report within 10-days and on the QR 7 and we apply the change reporting budgeting? **This does not apply to households in which one or more household members are in receipt of cash aid from programs such as CalWORKs, CA/GR, RCA or ECA which do require a quarterly report.** This section needs clarification.” (SCDSS)

Response:

CDSS does not agree with this comment. The sentence: “This does not apply to households in which one or more household members are in receipt of cash aid from programs such as CalWORKs, CA/GA, RCA or ECA which do require a quarterly report” means that households receiving CalWORKs, etc., are still subject to quarterly reporting. The 10-day notice refers only to noticing the household of the change from QR to change reporting if applicable.

Sections 63-505.31 and .32

23. Comment:

“We recommend the following changes for clarity and accuracy, here and in .32:

“Data Month income, except as specified in Section 63-505.311, shelter and utility costs when there is a ~~move~~ change, child care costs, the amount of child support payments made to a nonhousehold member as specified in Section 63-502.37, household composition change, anticipated income and expense changes for the upcoming QR Payment Quarter and other relevant information required for a complete QR 7.” (LSNC)

Response:

CDSS does not agree with the comment in that an address change would not be required to be reported on the QR 7 if the food stamp household had moved to a new address and it was reported, along with shelter costs, at the time of the move. It is a mandatory report and shelter deductions would remain the same until the next address change or until the household reported an increase in shelter costs mid-quarter. An address change would not be required to be reported on the QR 7 if the food stamp household had moved to a new address since the report is mandatory and the change is made when it occurs. Shelter and utility costs remain the same until a new change is reported. Accompanying the reported change of address are changes in shelter and utility costs. Therefore, CDSS is changing this sentence to read: “Data Month income, except as specified in Section 63-505.311, child care costs...”. The same change will be made at Section 63-505.32.

Section 63-505.322(e)(1)

24. Comment:

“There’s a typo, using “AR’ instead of “QR”. (LSNC)

Response:

This particular regulation section was not located. The latest version of the regulation package has a Section 63-505.32 with no sub-text. However, at Section 63-508.333(e)(1) we did find a typo, which will be corrected.

Section 63-505.33

25. Comment:

“Since FSHHs are not required to report PA benefits issued does this allow the CWD to decrease food stamp benefits mid-quarter with a MASS COLA?” (SCDSS)

Response:

PA benefits are not required to be reported on the QR 7 because it is information known to the county. This is also specified in federal regulations. Regulations will be revised to add Cost-of-Living increases as county-initiated actions.

Section 63-505.442(a)

26. Comment:

“There is a typo, using “and” instead of “an.” (LSNC)

Response:

This particular regulation section was not located. The latest version of the regulation package has a Section 63-505.41 with no sub-text. However, at Section 63-508.322(e)(1), “AR” will be changed to “QR” and at Section 63-508.422(a), “and” will be changed to “an.”

Section 63-508

27. Comment:

“For handbook section, it would be helpful to show what would happen if the Food Stamps and CalWORKs quarters *couldn't* be aligned. The statement about not shortening the Food Stamps certification is not sufficiently clear. (Do you shorten the redetermination for CalWORKs to align with the Food Stamps?)

“Also, the paragraph after the handbook repeats 63-508.644, and should be deleted.” (LSNC)

Response:

CDSS believes that the comment pertains to Section 63-508.224, which states: “The household’s recertification period cannot be shortened, as provided in Section 63-504.15, solely to align the recertification with the CalWORKs redetermination period.” All of Section 63-508.22 discusses aligning reporting cycles and is clear about the two programs aligning QR cycles and redetermination and recertification periods. The program was designed for both programs to align reporting cycles. Also, Section 63-508.224 makes reference to Section 63-504.15, which explains that shortening the length of the certification period is not allowed unless eligibility is questionable or there is ineligibility. Section 63-508.22 is clear in its instruction, that as a general rule, for the CalWORKs program, it should align its cycle with an existing food stamp household’s reporting cycle. The CalWORKs program has flexibility to match the existing food stamp cycle; whereas, Food Stamp Program rules do not allow flexibility to align with existing CalWORKs cycles since the food stamp cycle cannot be shortened. If the recertification is not aligned with the Submit Month, then all changes to the food stamp case, due to the recertification, are treated as county-initiated mid-quarter changes.

The paragraph after the handbook at Section 63-508.225 does not now repeat Section 63-508.644.

Section 63-508.21

28. Comment:

“Suggest adding another definition: “(QR) .214 QR 7 Reporting Period - the submit month prior to the current QR Payment Quarter, the first month of the current QR Payment Quarter and the Data Month of the current QR Payment Quarter.”

“Example of the QR 7 Reporting Period for the Cycles

“

Cycle 1	Cycle 2	Cycle 3
QR 7 Reporting Period	QR 7 Reporting Period	QR 7 Reporting Period
December/January/February	January/February/March	February/March/April
March/April/May	April/May/June	May/June/July
June/July/August	July/August/September	August/September/October
September/October/November	October/November/December	November/December/January

” (SCDSS)

Response:

CDSS agrees with this comment in part. Regulations will be revised to add the definition. However, the example will not be included as counties have options on how to set up reporting cycles and appear to have no confusion about the definition of a reporting quarter. It is not a necessary revision and does not necessarily add further to the understanding of the reporting cycles.

Section 63-508.321

29. Comment:

“Suggest language changes in bold - Recipients will be required to report all income received for the QR Data Month, any changes in household composition or property **since the last Data Month** and any changes in income the recipient anticipates will occur in the upcoming QR payment quarter.

“If the regulation refers to ‘since the last submission of the last QR 7’ - if the last one was received by extended filing deadline, then there is a potential of the recipient not being required to report for the real QR 7 Reporting period, the last submit month, the first month of the current quarter and the data month of the current quarter.” (SCDSS)

Response:

CDSS agrees with this comment and will revise regulations to read: “Recipients will be required to report all income received for the QR Data Month, any changes in household composition or property since the last Data Month and any changes in income the recipient anticipates will occur in the upcoming QR Payment Quarter.”

Section 63-508.322(e)(1)

30. Comment:

“Typo ‘AR’ should be “QR”. (SCDSS)

Response:

See Response to Comment #26.

Section 63-508.62

31. Comment:

“Welfare and Institutions Code § 11265.1(f) requires a Balderas contact for late QR-7 for CalWORKs. We therefore recommend that language regarding the personal contact be inserted into these regulations, noting that this must be done for cash-linked cases.” (LSNC)

Response:

CDSS disagrees with this comment. The Balderas lawsuit is pertinent to CalWORKs only and the CalWORKs program carried over the existing Balderas requirement in QR. Also, the regulation change suggested is not in the scope of this QR regulations package and could not be justified as a QR change.

Section 63-508.644

32. Comment:

“It would be helpful to note that restoring benefits beyond this timeframe may be appropriate as a reasonable accommodation.” (LSNC)

Response:

Restoring benefits due to accommodation (CDSS is assuming that the meaning of accommodation means “good cause”) beyond a full calendar month since the QR 7 discontinuance date is not an appropriate action within QR rules. Accommodation may be claimed in the time period from the QR 7 date of discontinuance through the end of the next calendar month. QR 7 discontinuances are effective at the end of a month. If the food stamp household claims good cause during the next month and is approved, then benefits can be restored. If the household claims good cause beyond that calendar month, it must file a new application for benefits. Also, Federal regulations will not allow continuation of benefits beyond 30 days.

Section 63-508.651(a)

33. Comment:

“**Suggest changing** “since the submission of the last Data Month” to “**since the last Data Month**”.” (SCDSS)

Response:

CDSS agrees with this comment and will revise regulations to read: “The QR 7 must provide a report of income received by the household, any changes in household composition or property since the last Data Month and any changes in income and medical, child care and child support deductions the recipient anticipates will occur in the upcoming QR Payment Quarter.”

Section 63-508.651(c)

34. Comment:

“Any changes reported on the QR 7 are also mid-quarter voluntary reports for the submit month and must be acted upon to either issue supplements or pend until the next quarter depending on the reported change.” (SCDSS)

Response:

CDSS agrees with this comment. Any changes reported on the QR 7 are also mid-quarter reports for the Submit Month. This regulation can be found at Section 63-509(e)(2) under Actions on mid-quarter voluntary reports. A reference to Section 63-509(e)(2) will be inserted into Section 63-509.651(c).

Section 63-508.654(c)(1)

35. Comment:

“What would make a HH member ineligible? When someone has been determined eligible for the QR 7 Reporting Period for food stamps and, prior to taking action to grant, ineligibility occurs, the FSHH is supposed to be discontinued?” (SCDSS)

Response:

This is a policy that addresses a circumstance in which the QR 7 is received indicating that a new individual has entered the household and, at that time, it appears that eligibility continues for the household. However, prior to the county taking action to adjust benefits, the county finds in the Submit Month that the new individual is now working full time, which would render the household ineligible and result in a mid-quarter decrease. Such a decrease is not allowed under QR rules. Since the information about work was received after the QR 7 was submitted and prior to the county authorizing benefits, a policy was developed to treat the report of full-time employment as a “mid-quarter report” instead and to consider the individual an excluded household member until the next QR 7 is received. At that time the case can be discontinued. This situation cannot be considered a county-initiated action, since the individual was reported on the QR 7, and the county must consider treatment of that individual under QR rules. CDSS will add a statement after Section 63-508.654(c)(1) to clarify that the individual is considered an excluded household member until the next QR 7 is received.

Section 63-508.654(c)(2)

36. Comment:

“typo ‘continue’ should be ‘continue’. With receipt of the next QR 7, the excluded individual shall no longer be considered excluded and eligibility for continuing household eligibility shall be based on all Data Month information provided by the household. The former excluded member will continue (sic) to remain to remain an excluded member only if the requirements of Section 63-503.44 are met. When were these persons determined to be an excluded person? How were they determined to be excluded? Was 63-503.44 modified to include these persons?” (SCDSS)

Response:

The typo will be corrected. Refer to response at Section 63-508.654(c)(1). A reference to Section 63-503.44 will be added to Section 63-508.651(c)(1) indicating that this person’s income and resources shall be treated as an excluded person’s would be treated in accordance with Section 63-504.44.

Section 63-508.654(c)(3)

37. Comment:

“Why wouldn’t benefits be discontinued for the current payment quarter in which the new HH member was required to be reported? The regulations require all new HH members to be reported on the QR 7 when they enter the home during the QR 7 Reporting Period and must be added the first of the following month if they meet eligibility requirements and benefits increase. If benefits decrease, then the first of the month of the following QR Payment Quarter after required to be reported on the QR 7. (ORD note: this sentence does not sound correct.) So, if they became ineligible prior to the first of the first month of the next QR Payment Quarter and ineligibility occurs for the FSHH why isn’t the FSHH discontinued the end of the current payment quarter?” (SCDSS)

Response:

See Response to Comment #35.

Section 63-508.654(c)(3) Handbook

38. Comment:

“We found the handbook example confusing. It is not clear from the handbook section why the father would be excluded. Is it for income or deprivation reasons? Also, as the dad’s income was not a mandatory report (since he was not yet added to the AU), it doesn’t seem to fall within the category of “county initiated action/information known to county.” It therefore is not clear why the county is allowed to use it.” (LSNC)

Response:

See response to comment #35.

39. Comment:

“On March 5, the CWD learns that the father became fully employed - the father becoming employed full time does not create ineligibility in food stamps, the father may have increased income that was voluntarily reported mid-quarter either on the QR 7 or by the FSHH.

“The fact that the father hasn’t been added yet should indicate that the CWD should recalculate the next QR Payment Quarter with the new income from the father. If the FSHH fails to pass the gross test or net income test, then the AU should be discontinued. This is a new person who entered the home in the QR 7 Reporting Period and should be added no later than the first month of the following payment quarter after required to be reported on the QR 7.

“The father becomes an excluded household member and his income reported on the QR 7 is treated as an excluded person’s income to determine benefits for the next QR Payment Quarter. How is the father considered an excluded person? He was required to be reported and added no later then the first month of the following payment quarter. If income has changed from the data month income, then the CWD would be retrospectively budgeting the income. QR/PB is prospective budgeting.

“His income/property must be reported on the next QR 7 and the father is not treated as a household member. He will be either added to the household at the beginning of the new quarter (July) or, if circumstances have not changed, the household will be discontinued after the 10-day notice is given to the household. The father has already reported his income/property on the last QR 7. Eligibility should be established based on that.

“Recommendation - if eligibility is established initially and the only reason the new person isn’t added mid-quarter is due to benefits decreasing, treat the new person as a HH member and treat the submit month information as a voluntary report. Use the initial income to continue to add the new member and treat the

submit month information the same way the other FSHH member's submit month voluntary reported information is treated.

"Exceptions to the rule this section has created are prone to errors." (SCDSS)

Response:

CDSS agrees with the comment about the father not being ineligible solely because he is fully employed; therefore, the third sentence in Handbook will be revised to read: "On March 5, the CWD learns that the father became fully employed, which will render the household ineligible for benefits." Otherwise, refer to response #35. CDSS will not change this policy at this time. It is not likely that this circumstance will occur often enough to generate program errors.

Section 63-508.661(b)

40. Comment:

"Suggest consistency with the CalWORKs program. Action can be taken if it does not impact eligibility." (SCDSS)

Response:

CDSS agrees with this comment and regulations will be revised to read: "Action can be taken mid-quarter if it does not impact eligibility."

Section 63-508.661(e) Handbook

41. Comment:

"first (sic) example, last sentence suggest adding **"for the QR 7 Reporting Period?"**" (SCDSS)

Response:

CDSS agrees with this comment and regulations will be revised to read: "A discontinuance notice shall be rescinded and benefits reinstated for the QR 7 Reporting Period."

Section 63-509(a)(2)(C)3.g. Handbook [incorrectly cited by commenter as Section 63-509.3(g)]

42. Comment:

“The Handbook example following 63-509.3(g) (sic) on page 109 should make it clear that there is an anticipated start date. Knowing the “pay periods” may just mean how frequently the employer issues wages. The example should also add that if the person knows the anticipate hours/rate, but not the start date, the county can’t count the income.” (LSNC)

Response:

The correct regulations cite is Section 63-509(a)(2)(C)3.g. The examples do make it clear that if the start date is known and the amount of pay is known, then the county can anticipate income over the quarter. It also makes clear that if the start date is not known or the amount of pay, then the county does not anticipate income. CDSS agrees to clarify that the county would not anticipate income if the hours/rate is known, but not the start date. This clarification will be made at the end of the second example in Handbook.

Section 63-509(a)(3)(B) [incorrectly cited by commenter as Section 63-509.3(B)]

43. Comment:

“Suggest adding at the end **‘or a mandatory report of a move’**” (SCDSS)

Response:

The correct regulation cite is Section 63-509(a)(3)(B). CDSS agrees with this comment and regulations will be revised to read: “Shelter costs shall be determined at application and recertification and shall remain fixed at the determined amount until the household reports either a change on the QR 7, makes a voluntary mid-quarter report or a mandatory report of a move.”

Section 63-509(a)(3)(B)1. [incorrectly cited by commenter as Section 63-509.3(B)1.]

44. Comment:

“Regulations allow counties to verify if questionable.” (SCDSS)

Response:

The correct section is Section 63-509(a)(3)(B)1.. CDSS agrees with this comment and for clarity will remove the reference to “once it has been verified.” Regulations clarify in another section of the regulations that verification of shelter is a county option.

Section 63-509(a)(3)(B)3. [incorrectly cited by commenter as Section 63-509.3(B)3.]

45. Comment:

“There is no place on the QR 7 for recipients to report on the QR 7 and they are not required to report decreases in shelter costs when they have not moved.”
(SCDSS)

Response:

The correct section is Section 63-509(a)(3)(B)3.. CDSS agrees with this comment and will revise regulations by deleting the reference to reporting the decreased shelter cost on the QR 7. The revised section will read: “If a report of a shelter cost decrease would result in a mid-quarter decrease, the recipient shall be notified via a “No Change NOA” that no mid-quarter change resulted.”

Section 63-509(a)(3)(C)2. [incorrectly cited by commenter as Section 63-509.3(C)2.]

46. Comment:

“Same comment as for 63-509.3 except for utilities” (SCDSS)

Response:

The correct regulations cite is Section 63-509(a)(3)(C)2.. CDSS agrees with this comment and regulations will be revised to read: “A “No Change NOA” shall be sent to the household.”

Section 63-509(a)(3)(C)3.a.

47. Comment:

“We recommend changing the language to say “and result in a deduction higher than the SUA.” Otherwise, it reads as if people would have to verify this change, even if it comes out the same as the SUA.” (LSNC)

Response:

CDSS agrees with this comment and will add the phrase “higher than the SUA” at the end of the sentence at Section 63-509(a)(3)(C)3.a..

Section 63-509(a)(5) (incorrectly cited by commenter as Section 63-509.5)

48. Comment:

“Comment: This process is extremely error prone due to the difficulty of the CWD Case Managers to assess the income, the difficulty of the recipient to answer the questions on the QR 7 clearly/accurately/correctly.”

“Recommendation: Revert back to the original guidance of the ACL 03-18 using conversion factors only for income considered stable as defined in the ACL and continue to apply the averaging methodology to all other income, known as fluctuating in the ACL.”

“CalWORKs and Food Stamps should be consistent in language used in regulations for treatment of income.” (SCDSS)

Response:

The correct section cite is Section 63-509(a)(5). This policy was discussed and agreed upon by the CWDA QR Technical Workgroup. It is a policy that will not be changed at this point in time and given the emergency nature of this regulation package. Both CalWORKs and the Food Stamp Program have used the same policy write-up to insert into regulations. There are few, if any, differences in the language. The concept is identical.

Section 63-509(a)(6)(A)

49. Comment:

“As indicated above, we recommend the follow (sic) change, to remove the term “estimate.”

“(A) When the household has or reports income that will change during the next QR Payment Quarter, the determination of whether income is reasonably anticipated will require additional steps and thorough case documentation. First use the recipient’s statement of anticipated income, ~~estimate~~ if the recipient is able to provide one and if there is no conflicting information....

“Also, regarding the provision below, the recipient should have the option getting this information directly from the employer OR to sign a release. As written, it seems that the person is not able to make a direct contact.

“If the recipient cannot be contacted, or if the recipient and/or the CWD are unable to estimate future income levels, the recipient, or the CWD with the recipient’s written permission, ~~the CWD~~ may contact the recipient’s employer regarding anticipated work hours or pay.” (LSNC)

Response:

CDSS agrees with this comment and will revise the section to read: When the household has or reports income that will change during the next QR Payment Quarter, the determination of whether income is reasonably anticipated will require additional steps and thorough case documentation. First use the recipient's anticipated income if the recipient is able to provide it and if there is no conflicting information. If the information is questionable or the recipient is unable to anticipate future income, the recipient may be contacted to obtain additional information about anticipated pay and/or hours of work. If the recipient cannot be contacted or if the recipient and/or the CWD are unable to anticipate future income levels, the recipient or the CWD with the recipient's written permission, may contact the recipient's employer regarding anticipated work hours or pay.

Section 63-509(a)(6)(B)

50. Comment:

"The historical wages section is not limited in period, as required by law. Food Stamps only allows 12 months past wages to be reviewed. Also, it may be helpful to move the information on when this information is relevant (when the past work patterns reflect the current situation) up to modify when the CWD conducts this inquiry. It doesn't make sense for the county to require verification of irrelevant information. We therefore recommend the following change:

"(B) If the CWD is still unable to reasonably estimate future income, the CWD may also look at the recipient's prior work patterns to assist in determining the number of future work hours, if the recipient states that s/he had prior work hours/wages that are similar to the anticipated work pattern. This may include asking the recipient to provide available prior work information and/or reviewing information in the case file. The CWD is not limited to reviewing income from the previous quarter only, but may use income information from the past 12 months to help establish patterns in fluctuating income. However, if the household states that his/her future work hours and wages will differ from prior work patterns, the CWD shall not use the prior work patterns to determine the income for the QR Payment Quarter." (LSNC)

Response:

CDSS agrees with the section changes suggested and will incorporate them into the regulation section.

Section 63-509(b)(1)(A)2.

51. Comment:

“This section should list the same qualifier, set forth in a prior section, that the recipient doesn’t need to report if in training program/school, and work is below 20 hours.” (LSNC)

Response:

CDSS agrees with this comment and will incorporate the qualifier as stated in Section 63-410.211(a)(1). The section will read: For NAFS cases, any reduction in the number of hours worked to less than 20 hours per week or 80 hours per month for ABAWDs. Persons who are satisfying the ABAWD work requirement through a combination of education/training and employment of less than 20 hours per week are not subject to the mid-quarter reporting requirement when hours of employment are reduced.

Section 63-509(c)(3)

52. Comment:

“We recommend the change listed below, as part of the counties’ obligation to maximize assistance to which a person is entitled:

“Example: NAFS Case

“A recipient is currently living in County A. On February 5th, the recipient informs County A that she now lives in County B. FS benefits will be discontinued in County A effective the end of February *and County A shall inform the recipient that a new application is needed in County B for food stamps to resume.*” (LSNC)

Response:

CDSS agrees with this comment and will add the phrase: “and County A shall inform the recipient that a new application is needed in County B for food stamps to resume.”

Section 63-509(c)(4)(C)

53. Comment:

“The “determined eligible” language used below doesn’t see (sic) to convey that the County is to put the household **on** TFS. We therefore recommend the following language.

“If the CalWORKs cash grant is discontinued, the CWD shall determine if NAFS QR household’s benefits would increase of (sic) decrease. Households whose CalWORKs benefits are discontinued shall be ~~determined eligible~~ processed for Transitional Food Stamp Benefits (TFS).” (LSNC)

Response:

CDSS agrees with this comment and will revise the wording to read: “Households whose CalWORKs benefits are discontinued shall be processed for Transitional Food Stamp Benefits (TFS)”

54. Comment:

“Suggest deleting **“the CWD shall determine if NAFS QR household’s benefits would increase of (sic) decrease.”** (SCDSS)

Response:

The correct regulations cite is Section 63-509(c)(4)(C). CDSS agrees with this comment and regulations will be revised to read: “If the CalWORKs cash grant is discontinued, households whose CalWORKs benefits are discontinued shall be processed for TFS benefits.

Section 63-509(d)(1) [incorrectly cited by commenter as Section 63-509.4(d)(1)]

55. Comment:

“Suggest adding language in bold - Action to increase benefits shall be effective in the month the change actually occurs **or reported, whichever is later**, and after all verification has been received.” (SCDSS)

Response:

The correct regulations cite is Section 63-509(d)(1). CDSS agrees with this comment and regulations will be revised to read: “Action to increase benefits shall be effective in the month the change actually occurs or is reported, whichever is later, and after all verification has been received.”

Section 63-509(d)(3)

56. Comment:

“We recommend the italicized language listed below, so as not to limit the request for verification.

“Verification shall be requested immediately from the recipient when there is a decrease in income or a new household member is reported in the household, *or other change that would result in an increase in benefits*. Action to increase benefits shall not take place until verification is received. The recipient shall be allowed 10 days to provide the requested verification.” (LSNC)

Response:

CDSS agrees with the concept discussed above, but will revise wording to read: "...or other changes that would require verification when benefits are increased." This wording is necessary because there may be an increase in benefits due to increased shelter costs, which, at county option, are not required to be verified.

Section 63-509(d)(4)(A) [incorrectly cited by commenter as Section 63-509.4(d)(1)(B)]

57. Comment:

"Does the CWD wait until the future month to make the change?" (SCDSS)

Response:

The correct regulations cite is Section 63-509(d)(4)(A). CDSS agrees with this comment and regulations will be revised to read: "Increases due to decreased income are effective the first of the month in which the change is reported or the month the change occurred, whichever is later."

58. Comment:

"Suggest adding language in bold - Increases due to decreased income are effective the first of the month in which the change is reported or the month change occurred, whichever is later." (SCDSS)

Response:

See Response to Comment #57.

Section 63-509(d)(7) Handbook

59. Comment:

"We recommend the changes listed below, in the Handbook section after (7), to clarify that the county can work on the mid-quarter reports, but the action would not result in a change in benefits.

"CWDs have the option of ~~processing~~ beginning to process voluntary mid-quarter reports prior to the end of the quarter that do not result in a change in benefits. However, the CWD must ensure that the information reported on the QR 7 is consistent with the "no change report" and information reported by the household, prior to implementing the change. The CWD shall also determine eligibility for the next QR Payment Quarter using the most current known information."
(LSNC)

Response:

CDSS agrees with this comment and will make the indicated change by rewording the sentence to read: “CWDs have the option of beginning to process voluntary mid-quarter reports prior to the end of the quarter that do not result in a change in benefits.”

60. Comment:

“Suggest adding at the end of the last sentence **“as of the data month.” Is this for property only? Does this apply to adding persons?”** (SCDSS)

Response:

The correct regulation cite is Section 63-509(d)(7) Handbook. The point being made is that a report of a voluntary change can be processed mid-quarter if it does not result in a change in benefits. This would apply to income and property. For clarity, the last sentence of the Handbook will be deleted because it appears to add more confusion to the concept of beginning to process voluntary mid-quarter reports prior to the end of the quarter that do not result in a change of benefits.

Section 63-509(e)(3)

61. Comment:

“We recommend using the term “voluntary mid-quarter reports,” instead of voluntary reports, for clarity:

“Household changes that occur in the Submit Month and are reported on the QR 7 will be considered voluntary *mid-quarter* reports, *and acted upon as such.*” (LSNC)

Response:

This refers to the Handbook section above Section 63-509(e)(3). CDSS agrees with this comment and will make the appropriate changes by revising the wording to read: “Household changes that occur in the Submit Month and are reported on the QR 7 will be considered voluntary mid-quarter reports, and acted upon as such.”

Section 63-509(f)(3)(A)1. [incorrectly cited by commenter as Section 63-509.4(f)(3)(A)1.]

62. Comment:

“**Why is this section under New (sic) person resulting in decreased benefits?”** (SCDSS)

Response:

The correct regulation cite is Section 63-509(f)(3)(A)1.. Since subsection (f) discusses Household Composition Changes Mid-Quarter, this was an appropriate place for this topic. However, it may be more appropriate to change the title for this section to “Household Composition Change Results in Decreased Benefits.” Regulations will be revised to reflect this change.

Section 63-509(h)(1)(C)

63. Comment:

“Please define ‘approved’. Give examples such as below:

“Example 1: Current quarter is Jan/Feb/March. The current FSHH consists of mother and 2 children. On February 4th one of the children goes to live with grandmother. Grandmother comes into (sic) apply for Food Stamps for the child on February 5th. Since duplicate aid cannot be authorized for the child now living with the grandmother, the child must be deleted effective the end of February with a 10-day NOA from the mother’s FSHH and aid will be authorized effective the first of March for the grandmother and the child. The application for February will be denied for the child, however, if the grandmother was eligible aid would be granted for her.

“Example 2: Current quarter is Jan/Feb/March. The current FSHH consists of mother and 2 children. On February 4th one of the children goes to live with grandmother. Grandmother comes into (sic) apply for Food Stamps for the child on February 25th. Since duplicate aid cannot be authorized for the child now living with the grandmother, the child must be deleted effective the end of March with a 10-day NOA from the mother’s FSHH and aid will be authorized effective the first of April for the child. The application for February and March will be approved for the grandmother if eligible and denied for the child.” (SCDSS)

Response:

CDSS will incorporate the examples provided by the commenter. With the examples, there is no need to define “approved”.

Section 63-509(j)

64. Comment:

“The list in the handbook section following (j) is not attached to any instructions. The section should have some introductory statement, such as “Examples of Match Systems information include, but are not limited to:...” Also, it is not clear why the list includes “other known information, when subsection (j) is called “Information from Match Systems.” The latter statement seems to belong in (k).

Eligibility Verification System (IEVS), Payment Verification System (PVS), Integrated Fraud Detection/Earnings Clearance System (IFD), Franchise Tax Board (FTB), Asset Match/Internal Revenue Service (IRS) Match, Beneficiary Earnings Exchange Record (BEER), New Hire Registry (NHR), other matches from special investigative units, and known information from CalWORKs or other assistance programs.” (LSNC)

Response:

CDSS agrees with this comment and will begin the Handbook section with “Examples of Match Systems information includes, but is not limited to:”. The phrase “other known information” has already been removed from this section.

Section 63-509(k)

65. Comment:

“This section partially repeats the “resolve conflict information” listed under (j). As indicated above, this process should be listed once, by eliminating the instructions in (j).” (LSNC)

Response:

CDSS disagrees with this comment and will not remove the “resolve conflict information” in this section. Section 63-509(j) gives reasons for reviewing information from match systems; whereas, Section 63-509(k) talks about how to resolve a discrepancy.

Section 63-801.737(b)

66. Comment:

“We recommend clarifying the NOTE following the example. The statement that the example does not apply to NAHS household is not sufficiently clear. We recommend instead:

NOTE: ~~This does not apply to food stamp only households.~~ For NAHS households, this is not a mandatory mid-quarter report. The county shall act to discontinue the mother upon timely and adequate notice based on the subsequent QR-7.” (LSNC)

Response:

CDSS agrees with this comment and will delete the first sentence following “NOTE.” The NOTE will read: “For NAFS households, this is not a mandatory mid-quarter report.” The county shall act to discontinue the mother upon timely and adequate notice based on the subsequent QR 7.”

Section 63-804.642(e)

67. Comment:

“There was a typo, as indicated below.

“(QR) A QR household fails to provide required verification of items on the QR 7 resulting in a reduction or termination of benefits, unless this is the issue being contested, and the household fails to file a ~~requires~~ request for a hearing and continuation of benefits after receiving the corresponding notice of action informing the household of a proposed change in benefits or of a termination of benefits for the nonsubmittal of a complete QR 7.” (LSNC)

Response:

CDSS will correct “requires” to “request”.

g) 15-Day Renotice Statement

Pursuant to Government Code Section 11346.8, a 15-day renotice and complete text of modifications made to the regulations were made available to the public following the public hearing. Written testimony on the modifications renoticed for public comment from April 13, 2005 through April 27, 2005 was received from the following:

Shasta County Department of Social Services

Section 63-102(e)(5)(QR)

1. Comment:

“(QR) Extended Filing Date in a QR system is by close of business on the first working day of the new QR quarter and is the final date by which the household must submit a complete Quarterly Report (QR 7), including all required verification, without penalty of termination of eligibility or **disallowance of deductions.**”

“An incomplete status report or no status report received has always resulted in a discontinuance of Food Stamps (F/S) not a disallowance of deductions. The above sentence, the last 4 words, “**or disallowance of deductions**”, **suggest deleting.**”

Response:

Although CDSS agrees with this comment, the regulation did not change from the original public hearing package; and, therefore, the comment is outside the scope of this regulation package. The change is also outside the scope of QR authority for a regulation change and would be better corrected in a clean-up regulations package.

Section 63-102(m)(7)(QR)

2. Comment:

“(QR) “Mid-Quarter Change” means any change reported during the QR Payment Quarter that is outside the QR 7 report process. There are two types of mid-quarter reports: (1) mandatory reports are reports households are required to make within 10 days of the occurrence, and (2) voluntary reports are reports that households may make to the CWD during the quarter ***if the household wants benefits increased mid-quarter.*** CWDs shall only take action to change benefits based on voluntary mid-quarter reports when benefits increase as a result of the reported change. No action based on a voluntary mid-quarter report shall be taken to decrease benefits.”

“The 1st sentence above, “***if the household wants benefits increased mid-quarter.***” This definition is limiting; a voluntary mid-quarter report is any report, other than a mandatory report, made by the household whether it increases benefits or not mid-quarter. Suggest changing wording.”

Response:

Although CDSS agrees that the language change would add some clarity, it is not enough to warrant a change in the language. Households are instructed to report a change that they believe the report would cause benefits to be increased. That instruction leaves the household with reporting anything that they may think would cause an increase, even if the report would not. Regardless, this comment appears to be outside the scope of these regulations since this section did not change in substance or intent.

Section 63-102(r)(1)(QR)

3. Comment:

“(QR) “Reasonably Anticipated Income and Expenses” means income and expenses that have been or will be approved or authorized as of a date within the upcoming QR Payment Quarter and the amount of income is known, or the household is otherwise reasonably certain that the income will be received within the quarter and the ***amount of income is known.*** (See Sections 63-509(a)(2) and (3).)”

“Last 4 words of above sentence, ***amount of income is known,*** suggest changing to “***amount of the income is reasonable certain***.””

Response:

This comment appears to be outside the scope of these regulations since this section did not change in substance or intent. Regardless, to anticipate income, the date of receipt of income must be known and the amount of income must also be known. The regulation is correct and CDSS will not change the regulation based upon the comment received.

Section 63-102(t)(2)(QR)

4. Comment:

“(QR) “Third-Party Information” means information that is not known to the county, and is a report from an *anonymous source* about a household’s circumstances.

“In the above sentence the phrase *anonymous source* is too limiting. It implies if you know the name of the third party then it’s not a third part report. Suggest changing to “*outside source*.””

Response:

CDSS agrees with this comment and will reword the definition to read: “Third-Party information means information that is not known to the county and is a report from an “outside source.”

Section 63-103.2(q)(4)(QR)

5. Comment:

“(QR) (4) QR 7 (rev. 4/03) - Quarterly Eligibility/Status Report

“QR 7 is a CDSS-required form, but substitutes are permitted if CWD obtains prior approval. *This form is used by the recipient to report income for the Data Month in each QR Payment Quarter.* This form includes an addendum listing examples of income, expenses, and the penalties for fraud. The QR 7 and the addendum (both together are considered one form) must be sent to the recipient at the end of their QR Data Month. The QR 7's certification section has a statement that the client has received the addendum and a place where the recipient will attest to its receipt. The addendum is not required to be returned with the QR 7, which will be considered late if not received by the 11th day of the QR Submit Month.

“The second sentence above, *This form is used by the recipient to report income for the Data Month in each QR Payment Quarter.*, needs additional language. Suggest, “*This form is used by the recipient to report income for the Data*

Month and all other changes since the last Data Month in each QR Payment Quarter.””

Response:

CDSS agrees with this comment and will rephrase the sentence to read: “This form is used by the household to report income for the Data Month and all other changes since the last Data Month.”

Section 63-300.24(QR)

6. Comment:

“(QR) Households subject to food stamp QR requirements shall have their food stamp eligibility redetermined by using the forms specified in Section 63-300.2 and the QR 7 *for* the Submit Month that corresponds to the last month of the certification period.

“In the above sentence, “and the QR 7 for the Submit Month that corresponds to the last month of the certification period.” Should read: “and the QR 7 received in the Submit Month that corresponds to the last month of the certification period.” Most certifications will end in the submit month, however, there may be circumstances when they do not; here is alternative wording ***“and the QR 7 for the Data Month of the quarter corresponding to the last month of the certification period.”***”

Response:

CDSS agrees with this comment and will change wording to read: “...and the QR 7 for the Date Month of the quarter corresponding to the last month of the certification period.” CDSS recognized the incorrect use of “Submit Month” in the sentence.

Section 63-503.15(QR)

7. Comment:

“(QR) As a result of reported, estimated or anticipated changes in a change reporting household, the household's allotment for the month of application may differ from its allotment in subsequent months. The household's allotment *shall* vary from month to month to reflect actual changes reported during the certification period or those changes anticipated at the time of certification unless the averaging techniques in Sections 63-504.242(c), .252 or .411(b) are used. The CWD shall establish the household's certification period in accordance with Section 63-504.1.

“Suggest changing ‘*shall*’ in the above second sentence to ‘*may*’. Allotments may or may not vary to reflect actual changes reported.”

Response:

This comment appears to be outside the scope of these regulations since this section did not change in substance or intent. Income will vary from month to month if it is not averaged over the certification period. CWDs **shall** take into account the month-to-month variance when averaging income over the QR Payment Quarter. If income is averaged over the certification period, the monthly income for each month in the QR Payment Quarter would be the same as the averaged income over the certification period. The intent of using the word “shall” is not incorrect in this regulation and CDSS will not change the regulation based upon the comment received.

Section 63-503.151

7. Comment:

“(QR) As a result of reported, ~~estimated~~ or anticipated changes in a QR household, the household's allotment for the month of application may differ from its allotment in subsequent months. The household's allotment may vary ~~from month to month~~ within the quarter to reflect changes reported during the QR Payment Quarter ~~or those changes anticipated at the time of certification unless.~~ The averaging techniques in Sections 63-509(a)(4), (a)(5) and (a)(6) are used to determine income in a quarter. The CWD shall establish the household's certification period in accordance with Section 63-504.1. ~~The CWD may match certification periods with QR reporting cycles.~~”

“Why is this cite intended under Change reporting?”

Response:

This section was inserted in the change reporting section to act as a reference to averaging methodology in QR and to act as a comparison to change reporting. The section acts to clarify the differences between change reporting households as opposed to QR households as a guide to CWDs and will remain in regulation as written. Please refer to the response to comment #13 in Section ‘f’ of this document.

Section 63-503.242(b)(1)(QR)

8. Comment:

“(QR) Income reasonably anticipated during the certification period shall be counted as income only in the month it is expected to be received, unless the income is averaged. The CWD shall use the exact monthly figure if it can be reasonably anticipated. For change reporting households, whenever a full month’s income is anticipated but is received on a weekly or biweekly basis, the CWD shall convert the income to a monthly amount by multiplying weekly amounts by 4.33 and biweekly amounts by 2.167 if

the exact amount is not known. *For QR households, Whenever a full month's income is anticipated but is received on a weekly or biweekly basis and will remain the same throughout the QR Payment Quarter, the CWD shall convert the income to a monthly amount by multiplying weekly amounts by 4.33 and biweekly amounts by 2.167, if the exact amount is not known as provided in Section 63-509(a)(5).*

“The above regulation is **Household’s Excluded from QR/PB**, why is the last section describing QR/PB Households there? “*For QR households, Whenever a full month's income is anticipated but is received on a weekly or biweekly basis and will remain the same throughout the QR Payment Quarter, the CWD shall convert the income to a monthly amount by multiplying weekly amounts by 4.33 and biweekly amounts by 2.167, if the exact amount is not known as provided in Section 63-509(a)(5).*”

Response:

QR information was inserted as a reference and guide and for CWDs. It compares the differences between QR and change reporting income averaging methodologies. It is more beneficial to leave the wording as written; no change will be made to this subsection. Please refer to our response to comment #14 in Section ‘f’ of this document.

Section 63-503.322(a)(2)(QR) [(Incorrectly cited by testifier as Section 63-503.322(a)]

9. Comment:

“(QR) (2) If the household's net quarterly averaged income exceeds the standard, the CWD shall deny the application or terminate benefits at the **end of the quarter**. If CalWORKs benefits are terminated mid-quarter based on income in excess of the IRT and income exceeds the household's standards, a mid-quarter action shall be taken to **deny or** terminate benefits and Transitional Food Stamp Benefits must be issued in accordance with Section 63-504.13.

“The above 1st sentence ending with “**end of the quarter**”, if the FSHH was C/E and the family was still CalWORKs eligible then FS would remain open at “0” benefits. Suggest adding language “**end of the quarter unless C/E**.”

“Second sentence implies an active case not an application, suggest deleting ‘**deny or**’.”

Response:

The correct regulation cite is Section 63-503.322(a)(2). This comment appears to be outside the scope of these regulations since this section did not change in substance or intent. The regulation is not incorrect and CDSS will not change the original wording. Because CE is available to any food stamp household if linked to CalWORKs, it is not

necessary to specifically mention CE in this regulation. The wording “deny or” will remain as written since there could be instances where an application could be denied in the second month of the QR Payment Quarter.

Section 63-503.325(QR)

10. Comment:

“(QR) Except during an initial month of application, all eligible one- and two-person change reporting and QR households shall receive a minimum monthly allotment of \$10 *and all eligible households with three or more members which are entitled to \$1, \$3, and \$5 allotments shall receive allotments of \$2, \$4, and \$6 respectively to correspond with current coupon book determination.*

“California Counties no longer issue FS allotments via coupon books. Suggest deleting “*and all eligible households with three or more members which are entitled to \$1, \$3, and \$5 allotments shall receive allotments of \$2, \$4, and \$6 respectively to correspond with current coupon book determination.*””

Response:

This regulation did not change in substance or intent from the original public hearing package. Therefore, the comment appears to be outside the scope of this public hearing. Refer to the response to comment #17 in Section ‘f’ of this document.

Section 63-503.328(QR)

11. Comment:

“(QR) When a change reporting or QR/PB household's circumstances change and it becomes *entitled* to a different income eligibility test, the CWD shall apply the different test at the next recertification or whenever the CWD changes the household's eligibility, benefit level or certification period, whichever occurs first.

“Suggest changing ‘*entitled*’ to ‘*subject*’ in the above sentence.”

Response:

This comment is outside the scope for the QR regulations package since changing “entitled” to “subject” impacts the Food Stamp Program overall and is not directly related to QR policy. Also, CDSS does not agree with this comment to change “entitled” to “subject.” Households in which an adult member is elderly or disabled are entitled to a more beneficial income eligibility test, the net income test; whereas, most other households are subject to the “gross income test,” which is less beneficial to households. CDSS will not make this change.

12. Section 63-503.441(a)(QR)

Comment:

“(QR) QR households which receive self-employment income on a monthly basis shall report the actual amount of such income on the **QR Report** for the Data Month. The CWD shall calculate the household's benefit level for the Payment Quarter based on the actual amount of self-employment income reported on the QR 7 and anticipated income for each month of the upcoming QR Payment Quarter. Self-employment income shall be averaged over the QR Payment Quarter. Changes in self-employment income that occur mid-quarter shall be treated in accordance with Section 63-509(d).

“Suggest changing “**QR Report**” to “**QR 7**”. There are many QR Reports but only one QR 7.”

Response:

CDSS agrees with this comment and will change “QR Report” to “QR 7” to clarify that a report is made on the QR 7 form.

Section 63-504.432(QR) [(Incorrectly cited by testifier as Section 63-504.432(d))]

13. Comment:

“(QR) The CWD shall use the QR 7 as the food stamp report form for PA households. The CWD shall **einsure** that the following requirements are met for PA households not subject to food stamp QR:

“Suggest changing ‘**insure**’ to ‘**ensure**’. I believe ‘ensure’ is the correct word and is consistent with its use in other area of regulations.”

Response:

CDSS agrees with this comment and will correct the word “insure” to “ensure” as previously set forth in regulation.

Section 63-504.432(a)(QR) [(Incorrectly cited by testifier as Section 63-504.432(d)]

14. Comment:

“These households shall not have their eligibility terminated or allotments changed merely because they fail to submit one or more of the system's regular reports. If a household's PA benefits are terminated due to the household's failure to submit a timely or complete QR 7, the CWD shall follow the procedures set forth in Section 63-504.435.

“What “*system 's*” is the above referring to?”

Response:

It can be inferred that when discussing “system” in a QR regulation, the term “system” pertains to the QR system, especially when the language of the regulation is in the context of QR reports. Regardless, this comment appears to be outside the scope of these regulations since this section did not change in substance or intent. CDSS will not change this regulation based upon the comment received.

Section 63-504.521(b)(QR)

15. Comment:

“For any household which becomes exempt from the QR/PB budgeting system as specified in Section 63-505.21, the CWD shall notify the household within 10 days of the date the CWD becomes aware of the change that:

“(a) The household has become exempt from QR and is no longer required to file any future QR 7s. This does not apply to households in which one or more household members are in receipt of cash aid from programs such as CalWORKs, CA/GR, RCA or ECA which do require a quarterly report.

“(b) *The change in budgeting will go into effect.*

“In (b) above should the CWD also be required to tell the HH when the change in budgeting will go into effect?”

Response:

This comment appears to be outside the scope of these regulations since this section did not change in substance or intent. It can be inferred from this regulation that if the household is notified of a new change in budgeting, adequate noticing would include the type of budgeting and when it would become effective. CDSS will not change this regulation based upon the comment received.

Section 63-505.31

16. Comment:

“Data Month income, except as specified in Section 63-505.311, shelter and utility costs when there is a move change of address, *child care* costs, the amount of child support payments made to a nonhousehold member as specified in Section 63-502.37, household composition, anticipated income and expense changes for the upcoming QR Payment Quarter and other relevant information required for a complete QR 7.

“Is it *child care* or *dependent care*? See page 88, 63-505.4.41 (b) – regulations are using *dependent care*. Suggest staying consistent.”

Response:

CDSS agrees with changing the term “child care” to “dependent care” since it is the correct terminology in the Food Stamp Program.

Section 63-505.32

17. Comment:

“Any changes in income, shelter and utility costs when there is a ~~move~~ change of address, *child care* costs, a change in the legal obligation to pay child support payments to a nonhousehold member, *resources or other relevant circumstances affecting eligibility which the household expects to occur in the upcoming Payment Quarter or which occurred in the Data Month.*

“Is it *child care* or *dependent care*? See page 88, 63-505.4.41 (b) – regulations are using *dependent care*. Suggest staying consistent.

“The household is not required to report any expected changes in resources or other *relevant circumstances affecting eligibility* that are expected to occur in the upcoming payment quarter. And, the end of the sentence addresses ‘or which occurred in the Data Month’. The QR 7 is capturing income and expense information for the Data Month, expected changes for the next 3 months and all other changes for the QR 7 reporting period. Suggest changing this regulation to reflect accurate information related to what the QR 7 is capturing.”

Response:

CDSS agrees that this regulation is misleading as written and for clarity should be changed to reflect reports of any changes since the last QR 7 and what changes are expected as required on the QR 7. Therefore, wording of this section will be changed to: “Any changes since the last Data Month and any changes expected over the next three months as asked on the QR 7.” Section 63-505.31 addresses what is required to be reported for the Data Month. Section 63-505.22 continues with information required to be reported for changes since the last QR 7 was received and expected changes over the next three months. The term “child care” will be changed to “dependent care” since it is the correct terminology in the Food Stamp Program.

Section 63-505.34

18. Comment:

“A reduction of work *effort* to less than 20 hours per week, or averaged monthly 80 hours a month, for purposes of determining whether an ABAWD has satisfied the work requirement defined in Section 63-410.2.

“Suggest changing ‘*effort*’ to ‘*hours*’.”

Response:

As a result of public comment, this regulation is amended by changing the phrase “reduction of work effort” to “reduction in the number of hours worked.” The sentence containing this phrase is further amended for clarity and accuracy. The wording is amended to read: “A reduction in hours worked to less than 20 hours per week, or 80 hours averaged monthly, for purposes of determining whether an ABAWD has satisfied the work requirement defined in Section 63-410.2. None of these amendments are substantive changes.

Section 63-508.616(c) (Incorrectly cited by testifier as Section 63-505.616)

19. Comment:

“The CWD may elect to require verification of housing costs when first allowed as a deduction and when there is *a move*.

“Suggest changing ‘*a move*’ to ‘*an address change*’ for consistency.”

Response:

The correct regulation cite is 63-508.616(c). CDSS agrees with this comment and will change “a move” to “an address change.”

Section 63-508.651(a) (Incorrectly cited by testifier as Section 63-505.65)

20. Comment:

“The CWD shall use the information on the QR 7 to determine continuing eligibility and benefit amount over the next QR period based on all eligibility factors.

“(a) The QR 7 must provide a report of income received by the household ~~in~~ on the QR 7, any changes in household composition or property since the ~~submission of the~~ last Data Month and any changes in income and medical, *child care* and child support deductions the recipient anticipates will occur in the upcoming QR Payment Quarter. For treatment of shelter costs, refer to Section 63-509(a)(3)(B).

“Is it *child care* or *dependent care*? See page 88, 63-505.4.41 (b) – regulations are using *dependent care*. Suggest staying consistent.”

Response:

The correct regulation cite is 63-508.651(a). CSS agrees with this comment and will change “child care” to “dependent care.”

Section 63-508.654(c)(1) (Incorrectly cited by testifier as Section 63-505.654)

21. Comment:

“If the household is determined ineligible based on Data Month information, the CWD shall discontinue benefits after the 10-day notice is provided to the household.

“(1) If the household was initially determined eligible based on Data Month information, and prior to authorization of benefits, the CWD learns in the Submit Month that the new member is ineligible, that information is considered a mid-quarter voluntary report of a change. *However, the individual is considered an excluded household member and resources and income shall be treated as reported on the QR 7 in accordance with Section 63-503.442. The individual remains an excluded individual until a new eligibility determination is made with the next QR 7.*

“Excluded persons are individually ineligible. These individuals do not meet the definition of 63-503.4 for excluded persons in the FSHH.

“These are mandatory HH members who must be included because they came into the HH during the QR 7 reporting period. They are required to be reported on the QR 7 and the CWD is required to either add them no later than the first of the month of the payment quarter following the submit month in which the individual is required to be reported on the QR 7 or if ineligibility occurs discontinue the FSHH the end of the current payment quarter.

“The individual is considered an applicant until action to add the individual is taken. Any information received in a submit month, prior to the action to add, cannot be considered a voluntary report by the applicant because they are not a recipient yet and have no voluntary reporting responsibilities like the recipient FSHH member. These individuals are applicants and any information they report should be used when determining eligibility when the CWD is taking action to add the individual to the FSHH.

“If information provided prior to action taken to add these individuals makes the FSHH ineligible, then the CWD must take action to discontinue the end of the current payment quarter in the submit month since the new HH member joined the HH during the QR 7 reporting period.

“How can FS have an excluded person who makes the family ineligible?”

Response:

The correct regulation cite is 63-508.654(c)(1). This regulation did not change in substance or intent from the original public hearing package. It was merely changed to correct a typo of the word “continue.” Therefore, the comment appears to be outside the scope of this public hearing. Regardless, the responses provided to comments #35, #36, #37, #38 and #39 of the original public hearing package will remain unchanged. Please see comments in Section ‘f’ of this document.

Section 63-508.654(c)(2)

22. Comment:

“With receipt of the next QR 7, the excluded individual shall no longer be considered excluded and eligibility for continuing household eligibility shall be based on all Data Month information provided by the household. The former excluded member will ~~continue~~ continue to remain an excluded member only if the requirements of Section 63-503.4 are applicable.

“The individual does not meet the definition of excluded persons in the FSHH as described in 63-503.4”

Response:

See response to comment #21.

Section 63-508.654(c)(3)

23. Comment:

“Benefits for the household shall be discontinued at the end of the next QR Payment Quarter if the household is determined ineligible for benefits based on next quarter’s Data Month information.

“The FSHH should be discontinued in the prior quarter.”

Response:

See response to comment #21.

Section 63-508.654(c)(3) (Handbook)

24. Comment:

HANDBOOK BEGINS HERE

“Example: The quarter is January/February/March. The father is reported in the home for the first time on the QR 7 received in March indicating that the father is employed part-time. ***Based on the Data Month information, the father is eligible to be added into the household. On March 5, the CWD learns that the father became fully employed, which will render the household financially ineligible for benefits;*** however, the CWD has not yet taken action to authorize benefits for the new member. The information reported on March 5 is ***considered a mid-quarter voluntary report.***”

“The father becomes an excluded household member and his income reported on the QR 7 is treated as an excluded person’s income to determine benefits for the next QR Payment Quarter. His income/property must be reported on the next QR 7 and the father is now treated as a household member. He will be either added to the household at the beginning of the new quarter (July) or, if circumstances have not changed, the household will be discontinued after the 10-day notice is given to the household.

HANDBOOK ENDS HERE

“In the above handbook example it refers to Data Month income information to determine eligibility for the next payment quarter for the new HH member. It also indicates the father is part time employed. Prior to adding the eligible father, he becomes FTE, reports the information and renders the family ineligible. FTE in itself cannot render the family ineligible. Income may render the family ineligible and if the applicant father reports new information, prior to granting action to add the new HH member, the CWD should use the new information to determine the HH’s new allotment for the next payment quarter or discontinue at the end of the submit month if ineligibility occurs.

“How can this person be considered an excluded person? They entered the HH in the prior QR 7 Reporting Period and are considered a mandatory HH member.

“What these regs do is give the FSHH an additional 3 months of FS that the FSHH is not entitled to.”

Response:

See response to comment #21.

Section 63-509(a)(2)

25. Comment:

“(2) Reasonably Anticipated Income

“Income is "reasonably anticipated" when the CWD determines it is reasonably certain that the recipient will receive a specified amount of income during any month of the QR Payment Quarter and applies to all income, earned or unearned.

“If the amount of income or when the income will be received is uncertain (i.e., it cannot be reasonably anticipated), that portion of the household's income that is uncertain or cannot be reasonably anticipated will not be counted when determining income eligibility and benefit levels. Income shall be considered to be reasonably anticipated if it is determined that:

“If the household reports a decrease in income for the Submit Month, the CWD will treat it as a mid-quarter change and use the information of decreased income to anticipate income for the next QR Payment Quarter.

“In the above paragraph the mid-quarter change should only be used for the next payment quarter *when the change continues through the next payment quarter*. This sentence makes it sound like the CWD is required to change the next payment quarter every time there is a report of decreased income in a submit month, *whether or not the decrease is also for the next payment quarter*. Suggest adding at the end of the sentence *“if the change continues throughout the next payment quarter.”*”

Response:

CDSS agrees that the way the sentence is written connotes the CWD is required to change the next payment quarter every time there is a report of decreased income in a Submit Month, but disagrees with the word “throughout.” The income would be anticipated if it continues into the next quarter. Therefore, CDSS agrees with this comment and will insert “if the change continues into the next payment quarter.”

Section 63-509(a)(4)(A)4.

26. Comment:

“§4. For households that receive a CalWORKs benefit, the actual CalWORKs grant amount for each month must be used when computing food stamp benefits. The actual anticipated CalWORKs grant shall not be averaged over the QR Payment Quarter.”

“How are other state PA grants treated in the food stamp program? Are they treated the same as CalWORKs benefits or are they considered unearned income and averaged over the payment quarter?”

Response:

The comment does not specifically suggest a change to QR regulations and, therefore, will not be considered. Regardless, the policy as stated in this section cannot be changed based upon discussions with stakeholders and subsequent agreement to treat PA grants as stated in this sub-section.

Section 63-509(a)(5)(C)

27. Comment:

“(C) A household HH reports that it is paid on a weekly or bi-weekly basis, indicates that there are changes in income in the upcoming quarter, the amount is known and will remain the same for the entire QR payment quarter, and the CWD is in agreement with the reported income.”

“The above cite needs an example in the Handbook section that follows.”

Response:

CDSS cannot differ from agreements made with the CalWORKs program in this area and is satisfied with the examples already provided in the Handbook section. CDSS will not consider a change to this section or any additional examples in Handbook. This regulation did not change in substance or intent from the original public hearing package. Therefore, the comment appears to be outside the scope of this public hearing.

Section 63-509(d)(7) [Incorrectly cited by testifier as Section 63-509(a)(7)]

28. Comment:

“(7) A "No Change NOA" shall be sent to the recipient when benefits cannot be increased. The “No Change NOA” must be sent within 30 days of the reported change. *The NOA must remind the recipient to re-report the change on the QR Z.*

“The above sentence ‘*The NOA must remind the recipient to re-report the change on the QR Z.*’ has been deleted in other areas.”

Response:

The correct cite is 63-509(d)(7). CDSS has noted this comment, but does not consider this information detrimental to CWDs. It is a clear instruction and is specifically inserted under the heading “Voluntary Mid-Quarter Recipient Reports” where more specificity in regulation dealing with voluntary mid-quarter reports is warranted.

Section 63-509(d)(7)(C) [Incorrectly cited by testifier as Section 63-509(a)(7)(C)]

29. Comment:

“(C) If a Non-Assistance Food Stamp (NAFS) household voluntarily reports income over 130 percent of the Federal Poverty Level (FPL), the household shall be discontinued mid-quarter. Only voluntarily-reported income exceeding 130 percent of the NAFS household, excluding the mid-quarter report of a new household member and his/her income shall render the NAFS household ineligible (refer to Section 63-509(f)(4)(A). Only voluntarily reported income exceeding 130 percent FPL excluding the mid-quarter report of *the* new household member and his/her income, shall render the NAFS household ineligible [refer to Section 63-509(f)(4)(A)].

“Suggest ‘*the*’ be changed to ‘*a*’.”

Response:

The correct regulation cite is 63-509(d)(7)(C). CDSS agrees with this comment and will change “the” to “a” to be consistent with wording in the preceding sentence.